HOUSE OF REPRESENTATIVES

WEDNESDAY, AUGUST 26, 1959

The House met at 12 o'clock noon.

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

Deuteronomy 9: 3: *Understand therefore this day, that the Lord thy God is He who goeth before thee.*

O Thou who art the infallible counselor of our minds, in this moment of prayer, wilt Thou answer our loftiest aspirations with Thy divine inspiration.

We are commending and committing our President to Thy gracious providence as he takes counsel with the leaders of the peace-loving nations.

May Thy Holy Spirit guide them and enable them to register a larger measure of achievement in promoting amity and concord among all the members of the human family.

Grant that, as we face wistfully a future that none can forecast or foresee, we may never be tempted to feel that the better nature of man has expended itself and is incapable of ascending to greater heights.

Help us to fortify our souls with the assurance that the future will be as radiant and bright as the promises of God.

Hear us in the name of the Prince of Peace. Amen.

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

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Ratchford, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and a joint resolution of the House of the following titles:

On August 21, 1959:

H.R. 137. An act to allow a deduction, for Federal estate tax purposes, in the case of certain transfers to charities which are subjected to foreign death taxes;

H.R. 4120. An act for the relief of certain officers of the Public Health Service; and

H.R. 7453. An act making appropriations for the legislative branch for the fiscal year ending June 30, 1960, and for other purposes.

On August 24, 1959:

H.R. 4242. An act for the relief of certain aliens;

H.R. 7165. An act for the relief of Filip Lewensztejn (Harry Lipa Levenstein); and

H.J. Res. 405. Joint resolution for the relief of certain aliens.

On August 25, 1959:

H.R. 109. An act to designate the dam and reservoir to be constructed on the Pound River near Bartlick, Dickenson County, Va., as the "John W. Flannagan Dam and Reservoir";

H.R. 267. An act to amend title 38 of the United States Code to provide that multiple sclerosis developing a 10 percent or more degree of disability within 3 years after separation from active service shall be presumed to be service connected;

H.R. 271. An act to amend title 38 of the United States Code to provide a further period for presuming service connection in the case of veterans suffering from Hansen's disease (leprosy);

H.R. 802. An act to validate and confirm a contract entered into between the United States and the town of Bridgeport, Wash.;

H.R. 1074. An act to repeal the act of August 9, 1939, creating the Louisiana-Vicksburg Bridge Commission;

H.R. 1705. An act for the relief of Louis J. DeWinter and Simone H. DeWinter;

H.R. 1718. An act for the relief of Oather S. Hall;

H.R. 2188. An act to set aside certain lands in Washington for Indians of the Quinault Tribe;

H.R. 2191. An act to designate a stream in California as the "Petaluma River";

H.R. 2193. An act to designate the Coyote Valley Reservoir in California as Lake Mendocino;

H.R. 2398. An act to provide for the establishment of a fish hatchery in the northwestern part of the State of Pennsylvania;

H.R. 2405. An act to amend section 101 of title 38, United States Code, to provide that a child shall be deemed to be the adopted child of a veteran where the child was a member of the veteran's household and is adopted by the spouse of the veteran within 2 years of the veteran's death;

H.R. 2465. An act to authorize the conveyance by the Secretary of Commerce of certain lands in Arlington County, Va.;

H.R. 2722. An act to supplement the act of April 26, 1906 (34 Stat. 137), entitled "An act to provide for the final disposition of the affairs of the Five Civilized Tribes in the Indian Territory, and for other purposes," and for other purposes;

H.R. 2934. An act to provide for the conveyance of certain real property of the United States to the city of Fort Walton Beach, Fla.;

H.R. 3335. An act to provide for the apportionment by the Secretary of the Interior of certain costs of the Yakima Federal reclamation project, and for other purposes;

H.R. 3365. An act to authorize the crediting of certain service for purposes of retired pay for nonregular service, and for other purposes;

H.R. 4328. An act to amend provisions of the Canal Zone Code relative to the handling of the excess funds of the Panama Canal Company, and for other purposes;

H.R. 5854. An act to clarify a provision in the Black Bass Act relating to the interstate transportation of fish, and for other purposes;

H.R. 6288. An act to establish a National Medal of Science to provide recognition for individuals who made outstanding contributions in the physical, biological, mathematical, and engineering sciences;

H.R. 6378. An act to authorize the American Society of International Law to use certain real estate in the District of Columbia as the national headquarters of such society;

H.R. 6500. An act to amend Public Law 85–818;

H.R. 7112. An act to amend section 1005(c) of the Federal Aviation Act of 1958 to authorize the use of certified mail for service of process, and for other purposes;

H.R. 7907. An act to amend the act entitled "An act to incorporate St. Ann's Infant Asylum, in the District of Columbia," approved March 3, 1863, as amended;

H.R. 8225. An act to amend the Uniform Narcotic Drug Act of the District of Columbia, as amended, to permit paregoric to be dispensed by oral as well as written prescription; and

H.R. 8527. An act to exempt certain pension and other employee trusts from the laws of the District of Columbia relating to perpetuities, restraints on alienation, and accumulation of income.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 2725. An act to amend chapter 3 of title 18, United States Code, so as to prohibit the use of aircraft or motor vehicles to hunt certain wild horses or burros on land belonging to the United States, and for other purposes.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill and a joint resolution of the House of the following titles:

H.R. 2411. An act to amend paragraph 1629 of the Tariff Act of 1930 so as to provide for the free importation of tourist literature; and

H.J. Res. 444. Joint resolution for the relief of certain aliens.

The message also announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 7645. An act to provide for the construction, alteration, and acquisition of public buildings of the Federal Government, and for other purposes.

The message also announced that the Senate insists on its amendment to the foregoing bill, requests a conference with the House on the disagreeing votes of the two houses thereon, and appoints Mr. CHAVEZ, Mr. NEUBERGER, Mr. MCCARTHY, Mr. CASE of South Dakota, and Mr. PROUTY to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the amendments of the House to bills and a concurrent resolution of the Senate of the following titles:

S. 510. An act for the relief of Peter R. Muller;

S. 554. An act for the relief of Argyrios G. Georgandopoulos;

S. 967. An act for the relief of Lea Levi;

S. 1945. An act for the relief of Josef Jan Loukotka; and

S. Con. Res. 33. Concurrent resolution favoring suspension of deportation in the cases of certain aliens.

The message also announced that the Senate agrees to the House amendments to the amendments of the Senate to the joint resolution (H.J. Res. 354) entitled "Joint resolution for the relief of certain aliens."

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 1436) entitled "An act to amend section 1 of the Act of June 14, 1926, as amended by the Act of June 4, 1954 (68 Stat. 173; 43 U.S.C. 869)," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Moss, Mr. ALLOTT, and Mr. GRUENING to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 2906) entitled "An act to extend the period for filing claims for credit or refund of overpayments of income taxes arising as a result of renegotiation of Government contracts," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BYRD of Virginia, Mr. KERR,

Mr. FREAR, Mr. WILLIAMS of Delaware, and Mr. CARLSON to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6596) entitled "An act to encourage and stimulate the production and conservation of coal in the United States through research and development by creating a Coal Research and Development Commission, and for other purposes."

The message also announced that the Vice President has appointed Mr. JOHNSTON of South Carolina and Mr. CARLSON members of the Joint Select Committee on the part of the Senate, as provided for in the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the U.S. Government," for the disposition of executive papers referred to in the report of the Archivist of the United States numbered 60–4.

MILITARY CONSTRUCTION, DEPARTMENT OF DEFENSE, 1960

Mr. SHEPPARD. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 8575) making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1960, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from California? The Chair hears none, and appoints the following conferees: Messrs. SHEPPARD, WHITTEN, CANNON, JONAS, and TABER.

PROHIBIT POLITICAL CONTRIBUTIONS MOVING ACROSS STATE LINES TO INFLUENCE CONGRESSIONAL ELECTIONS

Mr. DORN of South Carolina. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

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

There was no objection.

Mr. DORN of South Carolina. Mr. Speaker, I am today introducing a bill which would prohibit political contributions moving across State lines to influence congressional elections.

This is a bill to return control of elections to the States and to the people. Representative government is at stake. The freedoms of our people guaranteed in the Constitution are being threatened by men like Jimmy Hoffa who boast of spending $6 million to elect his Congress. A free ballot is being threatened by men like James Carey, who openly and blatantly threaten the Members of the House who voted for the Landrum-Griffin antiracketeering bill.

Our freedom is being threatened by stupendous political slush funds that move in at the whim of some pressure group in another State and often a thousand or more miles away.

It is not in the best interest of clean representative government to have selfish interest groups to pour money across State lines to influence the outcome of congressional elections.

Mr. Speaker, the American people would be shocked and amazed to know of the millions upon millions of dollars pouring across State lines every 2 years in a bold bid to control Congress. In some areas of this country in campaigns for this House and the upper body of this Congress, the expenditures are fantastic and unbelievable. In some elections most of the money comes from out-of-State and even from foreign countries.

My bill, Mr. Speaker, will cover pressure groups of all kinds, organizations of all kinds, big business and little business. This bill, when enacted, will promote freedom at the ballot box. The American people are demanding our urgent attention to this serious threat to free congressional elections.

AMENDING SECTION 1 OF THE ACT OF JUNE 14, 1926, AS AMENDED BY THE ACT OF JUNE 4, 1954

Mr. ASPINALL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 1436) to amend section 1 of the Act of June 14, 1926, as amended by the act of June 4, 1954 (68 Stat. 173; 43 U.S.C. 869), with an amendment of the House thereto, insist on the House amendment, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Colorado? [After a pause.] The Chair hears none and appoints the following conferees: Mr. ASPINALL, Mrs. PFOST, and Messrs. RUTHERFORD, SAYLOR, and CHENOWETH.

LENDING AND BORROWING LIMITATIONS OF NATIONAL BANKS

Mr. SPENCE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 8160) to amend the lending and borrowing limitations applicable to national banks, to authorize the appointment of an additional Deputy Comptroller of the Currency, and for other purposes, with a Senate amendment thereto and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 4, line 8, strike out "is" and insert "and subsection 11(m) of the Federal Reserve Act (12 U.S.C. 248(m)) are".

Mr. HALLECK. Mr. Speaker, reserving the right to object, may I inquire of the chairman of the committee making this request whether or not the matter has been cleared with the minority members?

Mr. SPENCE. It has been cleared with the minority members and I thought it had also been cleared at the leadership level.

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

Mr. GROSS. Mr. Speaker, reserving the right to object, what is this bill we have before us? What does it do?

Mr. SPENCE. Mr. Speaker, H.R. 8160 would amend an existing provision which makes the limit on loans to one borrower 25 percent of capital and surplus instead of 10 percent, if the loan is in the form of notes secured by U.S. obligations.

There is a comparable restriction on State member banks in section 11(m) of the Federal Reserve Act. In order to keep from creating an unnecessary and undesirable discrimination between national banks and State member banks, the Senate Banking and Currency Committee amended the bill so as to remove the same phrase "in the form of notes" from the Federal Reserve Act.

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

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

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

PERMISSION FOR COMMITTEE MEETINGS DURING GENERAL DEBATE IN THE HOUSE

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the Subcommittee on Elections of the Committee on House Administration and the Science and Astronautics Committee may be permitted to sit today during general debate in the House.

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

There was no objection.

AUTHORITY TO RAISE INTEREST RATE ON LONG-TERM GOVERNMENT OBLIGATIONS—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 217)

The SPEAKER laid before the House the following message from the President of the United States, which was read and, together with the accompanying papers, referred to the Committee on Ways and Means and ordered to be printed:

To the Congress of the United States:

On June 8, I transmitted to Congress a message requesting legislation that would (1) remove the artificial limitation which the law now imposes on the interest rate at which the Treasury is allowed to borrow money for more than 5 years, and (2) remove a similar limitation on the rate the Government can pay on savings bonds.

Last week, the Committee on Ways and Means of the House of Representatives voted to suspend consideration of these proposals for the remainder of this session. This action was a grave disappointment to me.

The American people have a tremendous stake in this proposed legislation. Failure to enact it means that millions

of thrifty Americans cannot be fairly treated, since the Treasury will be unable to pay a fair rate of interest on savings bonds; the cost of living may rise further, as the Treasury will be forced to manage our $290 billion debt in a way that adds to pressure on prices; responsible people at home and abroad can only conclude that we have not yet determined to manage our financial affairs as soundly as we should.

I would like to make two things absolutely clear:

First. The administration is willing to assume full responsibility for managing the Federal Government's debt if it is allowed to do so free from artificial restrictions and on a parity with other borrowers.

Second. If the requested legislation is not enacted, those in the Congress who are unwilling to pass it must assume full responsibility for the possibly serious consequences.

This country's outstanding public debt of almost $290 billion is held by our citizens and financial institutions, and by foreign central banks and investors who have accumulated dollars as part of their reserves. Each investor has his own investment requirements. He buys different kinds of securities in order to meet those needs. Common to all investors, however, is the requirement that the rate of interest paid on the securities be fair and equitable in the light of other investment opportunities, and, secondly, that the purchasing power of their invested dollars will not be impaired.

These considerations apply directly to the way in which the Government handles its debt. There can be no question as to the Government's obligation to deal fairly and justly with the millions of its citizens who invest a portion of their savings, sometimes as a patriotic duty, in Government bonds. And there should be no question as to our determination to manage our debt soundly and in the best interests of all of the people.

We have worked tirelessly for a balanced budget. We need this balance so that we can avoid the deficits that lead to higher prices, to a rising cost of living, and to an eating away of the value of the billions of dollars that thrifty and farsighted Americans have saved. But congressional inaction on our debt management proposal could do much to offset the progress we have made toward fiscal responsibility.

To manage the public debt in a sound manner the Treasury must be able to borrow money for long as well as short periods of time. A 1918 statute now prescribes, however, that we cannot pay more than 4¼ percent for long-term money. So long as the present prosperity contributes to a strong demand for credit, and thus keeps the cost of new long-term borrowing higher than 4¼ percent, we will not be able to borrow for periods longer than 5 years.

Let me suggest one simple parallel to show why the Treasury should be able to borrow for longer periods. Suppose that an individual had a mortgage on his home that had to be renewed every few months. He would be exposed to every shift in the economy and to every change in financial conditions. Yet, the Congress in effect is forcing the Treasury into this type of exposed position. It is saying to the Treasury, "When you have any borrowing to do, do it all on a short-term basis."

Within the next 12 months the Government must borrow $85 billion to cover maturing securities, redemptions, and seasonal cash needs. This Government, with its great financial resources, can normally carry a sizable amount of short-term debt. But it cannot afford to rely exclusively on borrowing that must be continually renewed. Yet, if the Congress insists that we continue to finance wholly with short-term securities, the whole $290 billion debt will grow shorter and shorter. This will make it even harder to handle in the future.

The vital interests of all Americans are at stake because excessive reliance on short-term financing can have grave consequences for the purchasing power of the dollar. The issuance of a large amount of short-term Treasury debt would have an effect not greatly different from the issuance of new money. Because these securities are soon to be paid off, their holders can treat them much like ready cash. Moreover, short-term securities are more likely to become lodged in commercial banks. When a commercial bank acquires a million dollars of Government securities, bank deposits rise by a million dollars. This is the same as a million dollar increase in the money supply. When the money supply builds up too rapidly relative to production, inflation is the result. The piling up of an excessive amount of short-term debt poses a serious threat that may generate both the fear and the fact of future inflation at an unforeseeable time.

Now, while the Nation is enjoying a period of rapid economic advancement, we want to keep the cost of living steady. And, if we act wisely, we should be able to do so. We must live within our means and we must exercise all the necessary precautions in the use of credit. We have made good progress toward preventing excessive Government spending. But we may fail in our efforts to keep prices from rising if we do not handle our debt in the proper way. This is why the Treasury must have the capacity to finance the Government's requirements in free credit markets without artificial restrictions.

The need for sound debt management stems not only from domestic considerations. Foreign investors have substantial holdings of our securities, as well as other claims on this Nation. With so large a financial stake in our economy, these foreign central banks and other foreign investors have a very practical interest in the manner in which we handle our affairs. It is essential that they, too, continue to view the American dollar as a strong and stable currency. In a free market economy, confidence is not the simple result of legislation. It is earned by adherence to sound practices.

Let me state as plainly as I can that this is not legislation to increase interest rates. This administration is not in favor of high interest rates. We always seek to borrow as cheaply as we can without resorting to unsound practices. The Treasury already has the authority to borrow at any rates of interest on obligations up to 5 years. What we are seeking is the authority, already possessed by all other borrowers, to obtain funds for longer periods as well. To prohibit the Treasury from paying the market price for long-term money is just as impracticable as telling the Defense Department that it cannot pay the fair market price for a piece of equipment. The result would be the same in either case: the Government could not get what it needs.

The need for congressional action with respect to the existing 3.26 percent interest rate ceiling on savings bonds is equally pressing. The Government occupies a dual trusteeship position with respect to the 40 million Americans who own savings bonds and the 8 million people who purchase them regularly. The average holder looks to the Government for a fair rate of return, reasonably competitive with other savings opportunities. The Treasury has announced that when the ceiling is removed, it will immediately raise the rate from 3.25 percent to 3.75 percent on all newly issued E- and H-bonds, if held to maturity. Whenever legislation is enacted, this rate increase will be made retroactive to June 1, 1959. In addition, the future return to the investor on savings bonds purchased before June 1 and held to maturity would be increased by one-half of 1 percent. These actions would result in fair and equitable rates of return on savings bonds.

The second part of the trusteeship relationship of the Government with respect to holders of savings bonds involves the purchasing power of the dollars invested in the bonds. The savings bondholder expects the Government to try to insure that the future value of his savings will not be eaten away by progressive erosion of the dollar. To help assure that the value of the dollar will be protected, the whole debt management proposal should be enacted.

Each of these trusteeship considerations is vital; the thrifty American is entitled to both.

The issue with respect to our legislative proposals is whether we are going to demonstrate responsibility in the management of our Federal debt. Ours is the richest economy in the world. We have a large public debt, but we can certainly handle it soundly and efficiently if we remove the artificial obstacles to borrowing competitively in the free market. By adopting the administration's proposals, the Congress would be demonstrating to people at home and abroad that we have the determination to preserve our financial integrity and to protect our currency.

No issue of greater importance has come before this session of Congress. In the best interests of the American people, I urge the Congress to enact the administration's proposals at this session.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *August 25, 1959.*

FHA LOAN INSURANCE AUTHORIZATION AND HIGHWAYS—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 218)

The SPEAKER laid before the House the following message from the President of the United States, which was read and referred to the Committee of the Whole House on the State of the Union and ordered to be printed:

To the Congress of the United States:

On Wednesday of this week I shall leave for Europe on a mission important to the security and welfare of the American people. This mission will require my absence from the country for about 10 days. Unavoidably, it comes while the Congress is in what may be the concluding days of a session, and while important items of legislation are under consideration.

Before I leave I should like to comment on two matters that involve Government programs now in progress which would be seriously hampered in the absence of appropriate action by the Congress.

1. FHA LOAN INSURANCE AUTHORIZATION

The Congress is well aware of the important services performed by the Federal Housing Administration in insuring mortgage loans for Americans who wish to buy homes. Not all homes are purchased under FHA, but a large number are, and it is important that there be no forced reduction in its activities. Yet this is exactly what will happen if additional loan insurance authorization is not available to FHA at an early date.

The administration has repeatedly requested the Congress to grant FHA an increase in its loan insurance authority. I renew this request, and suggest that it be passed in a separate piece of legislation. An increase in FHA's loan insurance authority should not be made contingent upon the possibility of approval by the President, after the Congress has adjourned, of legislation which contains features that the administration finds seriously objectionable and that are entirely unrelated to FHA's home loan insurance program.

2. HIGHWAYS

As I have repeatedly stated, there is an urgent national need for legislation to allow the Interstate Highway program to proceed at a steady rate. Both the Congress and the Executive are justly proud of the vast highway construction program enacted in 1956. A good beginning has been made on this program, and it is inconceivable that it should be allowed now to come to a halt. For traffic safety and convenience, as well as to meet the requirements of a growing economy, it is essential that we continue to build new, modern roads.

Last January I recommended a temporary increase of 1½ cents in the Federal tax on gasoline in order to maintain the planned highway construction schedule on a pay-as-you-go basis. The recent action by the Ways and Means Committee of the House of Representatives in approving an increase of 1 cent for 2 years represents a step in the right direction. Although it would mean some slowing down of present construction rates, a 1 cent tax increase would allow a reasonable rate of progress to be maintained.

A small increase in the tax on gasoline is the best way to put the Interstate Highway program on a self-supporting pay-as-you-go basis. I must express again my objection to proposals that would, in the absence of foreseeable budget surpluses, divert receipts from the General Fund of the Treasury that are collected from various excise taxes on automobiles. The transfer of these receipts to the highway trust fund would only shift the fiscal problem from the highway trust fund to the general fund, which is already in precarious balance. I should also make clear that I do not favor proposals that would finance anticipated deficits in the Highway Trust Fund over the next several years by the issuance of bonds.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *August 25, 1959.*

QUIETING TITLE TO REAL PROPERTY ADJACENT TO ROCKY MOUNTAIN ARSENAL, DENVER, COLO.

Mr. JOHNSON of Colorado. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H.R. 4714) to quiet title and possession with respect to certain real property adjacent to the Rocky Mountain Arsenal, Denver, Colo.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Colorado [Mr. JOHNSON]?

Mr. GROSS. Mr. Speaker, reserving the right to object, will the gentleman explain this bill?

Mr. JOHNSON of Colorado. Yes. At the time the Government bought some 35 square miles of land it inadvertently described as being in the arsenal area part of one block which lay across a highway and railroad from the arsenal so as to include the whole block, thereby taking title to these properties without paying for the ground. Recently one of the owners tried to sell his property and discovered this cloud over his title. The agreement between the Department of the Army, the owners and all concerned, was that it would now take a special act of Congress to quiet title.

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

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the United States hereby releases, relinquishes, remises, and quitclaims to the person, persons, or body corporate or politic, who, under the laws of the State of Colorado (including the laws of prescription and adverse possession), are or would be except for any claim of right, title, or interest in and to such lands on the part of the United States, the lawful owners thereof, all right, title, interest, claim, or demand that the United States may have in and to so much of the lands in blocks 80, 81, 82, 83, 93, and 94 of Irondale subdivision in section 28 and in block 5 of South Irondale subdivision in section 33, all in township 2 south, range 67 west of the sixth principal meridian in Adams County, Colorado, lying north of the south right-of-way line of State Highway Numbered 2 (United States Numbered 6) adjacent to the Rocky Mountain Arsenal, Denver, Colorado.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SAFETY STANDARDS FOR PASSENGER-CARRYING MOTOR VEHICLES PURCHASED FOR USE BY FEDERAL GOVERNMENT

The SPEAKER. The unfinished business is the vote on the motion offered by the gentleman from Michigan [Mr. BENNETT] to recommit the bill H.R. 1341.

The Clerk read the title of the bill.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. BENNETT of Michigan moves to recommit the bill H.R. 1341 to the Committee on Interstate and Foreign Commerce.

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

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

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

The SPEAKER. Evidently a quorum is not present.

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

The question was taken; and there were—yeas 125, nays 264, not voting 46, as follows:

[Roll No. 144]

YEAS—125

Abbitt	Dooley	Meader
Abernethy	Dorn, S.C.	Merrow
Alford	Dowdy	Michel
Alger	Downing	Milliken
Allen	Everett	Moore
Arends	Frelinghuysen	Morrison
Ashley	Gary	Mumma
Auchincloss	George	Murray
Ayres	Glenn	O'Konski
Baker	Goodell	Osmers
Barden	Gross	Ostertag
Barry	Halleck	Patman
Bass, N.H.	Hardy	Pelly
Bates	Harmon	Pirnie
Becker	Hébert	Poff
Bennett, Mich.	Herlong	Quie
Bentley	Hiestand	Ray
Berry	Hoeven	Rees, Kans.
Bosch	Hoffman, Ill.	Riehlman
Bray	Holt	Robison
Brooks, Tex.	Horan	Rogers, Tex.
Broyhill	Hosmer	Rutherford
Budge	Hull	St. George
Burleson	Jensen	Saylor
Bush	Johansen	Short
Byrnes, Wis.	Jonas	Simpson, Ill.
Cahill	Knox	Simpson, Pa.
Cederberg	Lafore	Smith, Calif.
Chiperfield	Laird	Smith, Kans.
Collier	Landrum	Smith, Va.
Colmer	Langen	Taber
Conte	Lipscomb	Thompson, La.
Curtis, Mass.	McIntire	Thompson, N.J.
Curtis, Mo.	McSween	Thomson, Wyo.
Dague	Mack, Ill.	Tuck
Derounian	Marshall	Utt
Dixon	May	Van Pelt

Wainwright	Westland	Willis
Wallhauser	Wharton	Wilson
Walter	Whitten	Younger
Weaver	Widnall	Zablocki
Weis	Wier	

NAYS—264

Addonizio	Fountain	Mills
Albert	Frazier	Minshall
Alexander	Friedel	Moeller
Anderson, Mont.	Fulton	Monagan
	Gallagher	Moorhead
Anfuso	Garmatz	Morgan
Ashmore	Gathings	Morris, N. Mex.
Aspinall	Gavin	Morris, Okla.
Avery	Giaimo	Moss
Bailey	Granahan	Moulder
Baldwin	Grant	Multer
Baring	Gray	Murphy
Barr	Green, Pa.	Natcher
Barrett	Griffiths	Nelsen
Baumhart	Gubser	Nix
Beckworth	Hagen	Norblad
Bennett, Fla.	Haley	Norrell
Betts	Hall	O'Brien, Ill.
Blatnik	Halpern	O'Hara, Ill.
Blitch	Hargis	O'Hara, Mich.
Boland	Harris	O'Neill
Bolling	Hays	Oliver
Bonner	Healey	Perkins
Bow	Hechler	Pfost
Bowles	Hemphill	Philbin
Boykin	Henderson	Porter
Boyle	Hess	Preston
Brademas	Hogan	Price
Breeding	Holifield	Prokop
Brewster	Holland	Pucinski
Brock	Holtzman	Quigley
Brooks, La.	Huddleston	Rains
Broomfield	Ikard	Randall
Brown, Ga.	Inouye	Reece, Tenn.
Brown, Mo.	Irwin	Reuss
Brown, Ohio	Jarman	Rhodes, Ariz.
Buckley	Jennings	Rhodes, Pa.
Burdick	Johnson, Calif.	Riley
Burke, Ky.	Johnson, Colo.	Rivers, Alaska
Burke, Mass.	Johnson, Md.	Rivers, S.C.
Byrne, Pa.	Johnson, Wis.	Roberts
Carnahan	Jones, Ala.	Rodino
Casey	Judd	Rogers, Colo.
Celler	Karsten	Rogers, Fla.
Chamberlain	Karth	Rogers, Mass.
Chelf	Kasem	Rooney
Chenoweth	Kastenmeier	Roosevelt
Church	Kearns	Rostenkowski
Clark	Kee	Roush
Coad	Keith	Santangelo
Coffin	Kelly	Schenck
Cohelan	Keogh	Scherer
Cook	Kilday	Schwengel
Cooley	Kilgore	Scott
Corbett	King, Calif.	Selden
Cunningham	King, Utah	Shelley
Curtin	Kirwan	Sheppard
Daddario	Kitchin	Shipley
Daniels	Kluczynski	Sisk
Davis, Ga.	Kowalski	Slack
Davis, Tenn.	Lane	Smith, Iowa
Dawson	Lankford	Springer
Delaney	Latta	Staggers
Dent	Lennon	Steed
Denton	Lesinski	Stratton
Devine	Levering	Stubblefield
Diggs	Libonati	Sullivan
Dingell	Lindsay	Teague, Tex.
Dollinger	McCormack	Teller
Donohue	McCulloch	Thomas
Dorn, N.Y.	McDonough	Thompson, Tex.
Doyle	McDowell	Thornberry
Dulski	McFall	Toll
Durham	McGinley	Tollefson
Dwyer	McGovern	Trimble
Edmondson	McMillan	Ullman
Fallon	Macdonald	Vanik
Farbstein	Mack, Wash.	Van Zandt
Fascell	Madden	Vinson
Feighan	Magnuson	Wampler
Fenton	Mahon	Watts
Fino	Mailliard	Whitener
Fisher	Martin	Withrow
Flood	Matthews	Wolf
Flynn	Metcalf	Wright
Flynt	Meyer	Yates
Foley	Miller, Clem	Young
Forand	Miller, George P.	Zelenko
Forrester		

NOT VOTING—46

Adair	Bolton	Evins
Andersen, Minn.	Canfield	Fogarty
	Cannon	Ford
Andrews	Carter	Green, Oreg.
Bass, Tenn.	Cramer	Griffin
Belcher	Derwinski	Harrison
Boggs	Elliott	Hoffman, Mich.
Jackson	O'Brien, N.Y.	Siler
Jones, Mo.	Passman	Smith, Miss.
Kilburn	Pilcher	Spence
Loser	Pillion	Taylor
Machrowicz	Poage	Teague, Calif.
Mason	Powell	Udall
Miller, N.Y.	Rabaut	Williams
Mitchell	Saund	Winstead
Montoya	Sikes	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Boggs for, with Mr. Fogarty against.
Mr. Cramer for, with Mr. Carter against.
Mr. Taylor for, with Mr. Montoya against.
Mr. Miller of New York for, with Mrs. Bolton against.
Mr. Teague of California for, with Mr. O'Brien of New York against.
Mr. Kilburn for, with Mr. Powell against.
Mr. Jackson for, with Mr. Sikes against.
Mr. Harrison for, with Mr. Andrews against.
Mr. Machrowicz for, with Mr. Spence against.

Until further notice:

Mr. Mitchell with Mr. Mason.
Mr. Pilcher with Mr. Hoffman of Michigan.
Mr. Evins with Mr. Ford.
Mr. Saund with Mr. Adair.
Mr. Loser with Mr. Canfield.
Mr. Passman with Mr. Siler.
Mr. Winstead with Mr. Griffin.
Mr. Elliott with Mr. Belcher.
Mrs. Green of Oregon with Mr. Andersen of Minnesota.
Mr. Bass of Tennessee with Mr. Derwinski.
Mr. Udall with Mr. Pillion.

Messrs. RHODES of Pennsylvania, METCALF, FRIEDEL, CURTIN, and GUBSER changed their vote from "yea" to "nay."

Messrs. MORRISON, AUCHINCLOSS, and WESTLAND changed their vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The doors were opened.

The SPEAKER. The question is on the passage of the bill.

The bill was passed and a motion to reconsider was laid on the table.

COMMITTEE ON RULES

Mr. SMITH of Virginia. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file a privileged report on the Housing bill.

The SPEAKER. Is there objection to the request of the gentleman from Virginia [Mr. SMITH]?

There was no objection?

Mr. McCORMACK. Mr Speaker I desire to announce at this time that the housing bill will be brought up for consideration on tomorrow.

DEPRESSED DOMESTIC MINING AND MINERAL INDUSTRIES

The SPEAKER. The unfinished business is on agreeing to House Concurrent Resolution 177.

The Clerk read the title of the House concurrent resolution.

The SPEAKER. The question is on the House concurrent resolution.

The House concurrent resolution was agreed to, and a motion to reconsider was laid on the table.

DISPENSING WITH CALENDAR WEDNESDAY

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that further proceedings under Calendar Wednesday be dispensed with.

The SPEAKER. It there objection to the request of the gentleman from Massachusetts?

There was no objection.

ASSISTANCE IN THE CONSTRUCTION OF FISHING VESSELS

Mr. O'NEILL. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 349.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 5421) to provide a program of assistance to correct inequities in the construction of fishing vessels and to enable the fishing industry of the United States to regain a favorable economic status, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Merchant Marine and Fisheries, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider without the intervention of any point of order the substitute amendment recommended by the Committee on Merchant Marine and Fisheries now in the bill, and such substitute for the purpose of amendment shall be considered under the five-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

Mr. O'NEILL. Mr. Speaker, I yield myself 30 minutes, at the conclusion of which I yield 30 minutes to the gentleman from Illinois [Mr. ALLEN].

Mr. Speaker, House Resolution 349 makes in order the consideration of H.R. 5421, to provide a program of assistance for the construction of fishing vessels and to enable the fishing industry of the United States to regain a favorable economic status. The resolution provides for an open rule and 2 hours of general debate.

An example for the need for this legislation, the New England fishing industry is in dire straits by reason of the fact that imports of frozen fish fillets at prices below the cost of production have caused severe losses. The trawlers in use have an average age of over 16 years, and because of the poor prospects of profits there is no capital available for their replacement. The use of the older vessels has resulted in higher maintenance costs, higher insurance premiums by reason of bad experience both with respect to the vessels themselves and injuries to crews, and inadequate catches

because of obsolescent gear and fishing practices.

The new England fishing industry is forced to compete not only with the lower wage costs of its competitors in Canada, Iceland, Britain, and elsewhere, but with the lower cost of vessel construction in those countries. By law, U.S. fishing vessels must be constructed in U.S. yards, and the additional cost, which according to the Department of Commerce runs as much as 42 percent, places a hopeless handicap upon the rehabilitation of the industry.

The Merchant Marine and Fisheries Committee, in reporting out this measure, struck out the provision for loans to fish processors and modified the construction subsidy provisions by reducing the amount payable annually to $1 million with a limit of 3 years on the operation of the bill, and with a ceiling of 33⅓ percent of cost upon the subsidy to be paid. In addition, appropriate provisions were incorporated similar to those in the Merchant Marine Act of 1936 relating to construction under the direction of the Maritime Administrator that in the event of requisition by the United States only book value of the vessels would be paid the owner, and with a provision for recapture of the construction subsidy in the event the vessel is not used in the fishery for which it was designed.

The basis for subsidy assistance is the failure of the President to afford relief to a segment of the industry under the Trade Agreements Assistance Act of 1951, under which the U.S. Tariff Commission, after an investigation and hearing, may report to the President that a particular industry or segment thereof is suffering injury from foreign competition. Thereupon, under section 7(c) of that act, the President may make such adjustments in rates of duty, import quotas, or otherwise to prevent or remedy the injury. This bill becomes operative with respect to the particular segments of the fishing industry only where such adjustments are not made.

This bill makes no changes in existing law.

I urge the adoption of this resolution.

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

Mr. O'NEILL. I yield to the gentleman from Iowa.

Mr. GROSS. Is it not a fact that this bill would not be necessary had the Simpson amendment to the extension of the Trade Agreements Act been adopted, which would have taken away the President's overriding authority?

Mr. O'NEILL. Well, I cannot agree with you on that statement. It could be, in part, the cause, but actually the fishing industry needs help. Besides the imports, there are many other segments of the industry that are sorely in need of help because of the obsolescent vessels they are fishing with today. I think you have seen recently television broadcasts showing the new equipment that the Russian fleet has. They start out with what they call hunting ships, feeler ships, that go out and find where the catch is, and then the remainder of the trawlers come over to that spot. We do not have anything of that type. We still fish in the same manner that the fishermen used to fish 100 and 200 years ago. Today the fleet is so old and so dangerous to the members of the crew that the insurance is almost prohibitive.

Mr. GROSS. Well, you cannot replace these obsolete vessels because of the imports of foreign fish, which have made it unprofitable for the New England fisheries to operate; is that not correct?

Mr. O'NEILL. In part, I say that is one facet.

Mr. GROSS. And so those who voted for extension of the so-called Reciprocal Trade Agreements Act can take their share of the responsibility for the economic punishment inflicted on this industry; is that not correct?

Mr. O'NEILL. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. LANE].

Mr. LANE. Mr. Speaker, I rise to support the rule as presented by my colleague from Massachusetts [Mr. O'NEILL] and also to support the bill from the committee, H.R. 5421, and to say that I am one who did not vote to extend the Reciprocal Trade Agreements Act.

Mr. Speaker, no American enterprise has suffered more from the strange combination of unfair foreign competition, and the indifference of the U.S. Government, than the New England fishing industry. A front-page story in the May 13, 1959, edition of the Wall Street Journal carried the headline: "New Englanders Lose U.S. Fish Markets to Big New Foreign Fleets."

The story follows:

Gloucester, the Nation's second most important fishing port (only the big tuna center at San Pedro, Calif., handles more tonnage), is feeling the brunt of the import problem, but it's shared at Boston and New Bedford, Mass., and Rockland and Portland, Maine (other big fishing centers as well). These Atlantic ports send their fleets into one of the world's most important fishing grounds—a 260,000 square-mile area stretching a thousand miles from Long Island north to Newfoundland. The competition in these waters is awesome; at least 14 other nations, including Russia, have trawlers there.

Every country in the world with a fishing industry has subsidized it, with the exception of the United States. It is ironic that, out of taxes paid by people in the United States—including fishermen—our Government has helped other nations with funds that are then used, in part, to build the newer, bigger fishing trawlers with the latest technological equipment, that are forcing American fishermen out of business.

This is a classic example of a Government policy that defeats itself, and brings ruin to a basic American industry.

Our New England trawlers average 22 years in age. Practically no new trawlers have been built in the United States since 1948. Our fleet has shrunk to less than 800 vessels, 25 percent less than 6 years ago.

Either the Government should give us a ship construction subsidy or repeal the present law which dates back to 1792, preventing us from buying foreign ships for domestic fishing—

Declares Thomas D. Rice, executive secretary of the Massachusetts Fisheries Association.

Our fishing industry must compete not only with the lower wage costs and lower insurance costs, and lower product prices of its foreign competitors, but with the lower cost of vessel construction in those countries. By law, U.S. fishing vessels must be constructed in U.S. yards, at prices up to 42 percent higher than construction costs in other countries. It is utterly impossible for our fishing industry to rehabilitate itself, or, in the long run, to stay in business, burdened as it is with these crushing handicaps. To survive, it must either buy its trawlers abroad, or be provided with an equalizing construction subsidy by the U.S. Government.

The first alternative is rejected immediately because, in helping the fishing industry, it would hurt the shipbuilding industry. We need both industries—and in healthy condition—for the sake of national security and national progress. The only solution to this one of the several problems involving the fishing industry, is to provide for a subsidy to be paid by the United States for the construction of fishing vessels, in American shipyards, and for the use of the American fishing industry. This subsidy would be the difference between foreign and domestic shipbuilding costs. It is economic suicide to subsidize other nations, to the detriment of our own industries. To prevent this self-destruction it becomes mandatory to subsidize our fishing industry, because no other relief is available.

Total landings at Boston's fish pier, last year, were 123.8 million pounds. This was the lowest since 1922. Subsidy becomes necessary, not only for the reasons mentioned above but for the further reason that the President has failed to provide the relief that was sought under the Trade Agreements Assistance Act of 1951. The President did not make the required adjustments in rates of duty, or import quotas, to prevent or remedy the injury from foreign competition.

The present bill goes into action to compensate, in part, for such mistakes in Government policy that imperil our fishing industry. It is a very modest approach to the problem, providing for annual construction subsidies of only $1 million annually. It is limited to 3 years, a reasonable "trial run" to determine its effectiveness. It specifies the competent supervision to maintain standards and prevent abuses.

One thing is certain: the New England fishing fleet, already weakened by the overwhelming help provided for its foreign competitors, will deteriorate and disappear, unless the Government of the United States comes to its rescue via H.R. 5421 reported out by your Committee on Merchant Marine and Fisheries.

So, Mr. Speaker, I hope the rule will be adopted shortly and we will proceed with the debate on this bill, and that it will be passed unanimously.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield for a unanimous-consent request?

Mr. O'NEILL. I yield.

HOUR OF MEETING THURSDAY

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent when the House adjourns today it adjourn to meet tomorrow at 11 o'clock a.m.

The SPEAKER pro tempore (Mr. FORAND). Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. ALLEN. Mr. Speaker, I yield such time as he may require to the gentleman from Massachusetts [Mr. BATES].

Mrs. ROGERS of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. BATES. I yield.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I commend the gentleman for his magnificent fight for the great fishing industry. I want the gentleman to know that I want to do everything I can to help. I have some of these people in my district who make a living from the fishing business, and they have been very badly hurt. The gentleman deserves a great deal of credit.

Mr. BATES. I thank the gentlewoman very much.

Mr. Speaker, I have in my hand a document which describes the various forms of aid rendered to the fishing industry in practically every country of the world. Here is another document which consists of the parliamentary debate in the House of Commons in regard to its aid to the fishing industry in England. The Minister of Agriculture and Fisheries in the course of debate said, "I should like to say at the outset that the fishing industry is one of our great national industries, vital to our national larder, and, in a wider sense still, vital to our national economy and to our national security. The welfare of this industry will always be an object of the most active concern of Her Majesty's Government."

The assistance rendered to the fishing industry of the United States by our Government could easily be covered in a paragraph. However, the damage done to our fishing industry at home by direct and indirect, or lack of action, by our Government could fill volumes. Before I discuss the present bill, which in no sense is a subsidy to the fishing industry, I would like to highlight just a few of the instances in which our governmental action has hurt this industry and hurt it badly. It is an incredible, fantastic and unfair story which has brought this 300 year old industry to its knees.

The Congress in the Tariff Act of 1939 gave some protection to the groundfish industry by fixing a tariff of 2½ cents a pound for imports under 15 million pounds a year. Then the foreigners got smart and decided to cut up the fish into fillets and remove all but the edible parts. In this way, they could bring in about four times as much edible fish for the 2½-cent rate. In addition to this, inflation cut the protection in half again because the rate was per pound and not ad valorem. This then meant that the original protection was cut to one-eighth of its original value.

Now, last month, a court decision cut the 2½-cent rate to 1 cent when the fillets are cut into smaller pieces, a rate which had previously been assigned to scrap bits and pieces. Hence, the protection given to the industry was absolutely meaningless.

Faced with this situation, in 1951, the industry exercised its rights under the escape clause of the Reciprocal Trade Agreement. In its report, the Commission acknowledged the marked effect of the imports but stated it did not believe that the situation for the future was black and that perhaps it would improve. The door was left opened, however, and we were told to come back again if our predictions came true. Well, they came true and, in 1954, another decision reversed the previous decision and relief was urged by the Commission. However, the President, noting that the decision was not unanimous, asked the Commission to study it some more. It did, and in 1956, the Tariff Commission by a unanimous decision again urged the President to take immediate action.

The President, in his report said:

> I am fully aware that the domestic groundfish fishing industry is faced with serious problems. I recognize that beset as it is with problems ranging from the age of its vessels to competition with other food products, the fishing industry of the United States will experience difficulties in the years ahead unless bold and vigorous steps are taken now to provide root solutions for the industry's problems.

Yet, he turned down the request for relief of imports even though the industry had met every economic justification for relief. The reason given in the denial of relief was because "the other nations concerned are not only our close friends but their economic strength is of strategic importance to us in the continuing struggle against the menace of world communism."

So, after 7 years of hard work, our efforts were in vain.

Now, during this same period, other adverse factors were being inflicted upon this industry.

First. The Supreme Court, ruling in the Jones case, held that the fishing industry was placed under the Merchant Marine Act for personnel insurance and denied the cheaper rates of Workmen's Compensation. Now, instead of costing $75 per man per year, it costs 10 times that amount.

Second. During World War II which was the only time when the fishermen could make money, their boats were commandeered by the Navy. Although that hurt them, they did not complain because it was important for our security.

Third. Under the mutual security bill, we have built boats for Iceland, our great competitor, and provided the latest radar and sonar equipment. Last year, a constituent of mine wanted to buy the latest fish-cutting equipment from Germany and asked that terms be arranged so that this equipment could be paid for in installments. The German manufacturer said that the money had to be on the barrelhead. He revealed that at the same time, Iceland was buying a lot of this equipment. How? With U.S. dollars under the foreign aid program.

Fourth. I now come to the essence of the bill before us. Under the Merchant Marine Act, all boats which engage in coastwise trade, must be built in the United States. The only exception is ships in the Great Lakes. Hence, the fishermen of Gloucester and Boston and elsewhere must pay 100 percent more for their boats than if they were built overseas. That is national policy through national law.

Is it fair or just or right that the impoverished fishermen should pick up the check alone for this policy which is merely to support the shipbuilding industry? Should we penalize one industry to support another? Is it any wonder that Gloucester has not built a new fishing vessel in almost 7 years? Of course, the shipbuilding industry is vital to our national defense and we must keep it going. I remember only a few years ago, when only 17 ships were being built in our country and there were no future orders. If the policy to support the shipbuilding industry is vital for our country—and I believe it is—then let the country pay for it; not the little fellows who "go down to the sea in ships."

Mr. Speaker, I trust I have pointed out enough instances whereby our Government has hurt our fishing industry severely. Let this great Nation assume its own responsibility and carry its own load and remove it from the fishermen who have been hurt too often and too hard.

Even with this bill, the load is only partially lifted but it will be most helpful. Let us in this bill follow the advice of the President when he said that—

> The industry will experience difficulties in the years ahead unless bold and vigorous steps are taken now to provide root solutions for the industry's problems.

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

Mr. BATES. I yield to the gentleman from Massachusetts.

Mr. MARTIN. Mr. Speaker, I want to congratulate the gentleman from Massachusetts [Mr. BATES], for his fine, able statement. He has always been a great champion of the fishing industry. As one who is not directly affected by the fishing industry—there is not too much of it in my district—I have studied this problem, I know how meritorious the industry is in asking for relief. It has suffered from the efforts of the Government to help others. We help others both at home and abroad, why not do a little bit for a great industry, one of the oldest industries in the country. We all profit in keeping it flourishing.

Mr. BATES. I thank the gentleman for his remarks and for the continued interest he has manifested in the problem for many years.

Mr. DORN of New York. Mr. Speaker, will the gentleman yield?

Mr. BATES. I yield to the gentleman from New York.

Mr. DORN of New York. I have followed the gentleman's discussion of this subject and I recognize him as an expert. As a member of the Committee on Merchant Marine and Fisheries which wrestled with this subject, I know how the gentleman's efforts resulted in the ultimate climax today of this bill being before us. There is one thing about this

that troubles me, however. I do not represent a fishing industry, I represent a fish-eating industry. How will this affect the price of fish to the consumer?

Mr. BATES. This will not affect the price. If the fisherman can get a boat at less cost, he could perhaps sell the fish cheaper.

Mr. DORN of New York. It is the gentleman's considered opinion that as far as the consumer is concerned he will benefit by this legislation?

Mr. BATES. If the gentleman is talking about the price of fish at the marketplace, of course it has to be the same or lower than it is today. It certainly will not go up as a result of this bill.

Mr. DORN of New York. I thank the gentleman and I join in congratulating him for the work he has done.

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

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

Mr. GROSS. I want to commend the gentleman for his indictment of the Reciprocal Trade Agreements Act. The gentleman has done an excellent job, one of the best jobs I ever heard on the House floor, of indicting the Reciprocal Trade Agreements Act. I wonder if the gentleman would be opposed to taking this $1 million a year that this bill proposes to use to subsidize the New England fishing industry——

Mr. BATES. The shipbuilding industry; not the fishing industry. At the present time the fishing industry is subsidizing the shipbuilding industry.

Mr. GROSS. All right. The $1 million to be appropriated if the Committee on Appropriations follows out this bill. Would the gentleman be in favor of taking that from the foreign giveaway program?

Mr. BATES. Now, the gentleman knows that $1 million off the mutual security bill would not amount to very much.

Mr. GROSS. And he would be in favor of taking it out of there, would he not?

Mr. DAVIS of Georgia. Mr. Speaker, will the gentleman yield?

Mr. BATES. I yield to the gentleman from Georgia.

Mr. DAVIS of Georgia. I want to congratulate the gentleman from Massachusetts on the splendid presentation he has made. I concur with the gentleman in the remarks about the Reciprocal Trade Agreements Act and the disastrous results which it has had upon many segments of American industry. The gentleman, I think, has made out a good case for this bill, and I intend to support it.

Mr. BATES. I value the advice of the gentleman and I appreciate his comments.

Mr. ALLEN. Mr. Speaker, I have no further requests for time.

Mr. O'NEILL. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include extraneous matter.

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

There was no objection.

IF THE DEMOCRATS JOIN IN THE REPUBLICANS HIGH-INTEREST POLICY, THERE WILL BE NO PARTY TO PROTECT THE PEOPLE

Mr. PATMAN. Mr. Speaker, the President has sent a message to the Congress urging us to repeal the 4¼ interest limit on long-term Government bonds. Now, I do not believe that there is a Member of this Congress who wants inflation. I am sure the President does not want inflation. But, with all due respect to the President of the United States, I think his proposal is highly inflationary. Interest rates can be inflationary just the same as wages or profits. In other words, wages and profits and interest enter into cost in a way that either one can be inflationary. In any case, it would operate in the same way as a tax increase on about 98 percent of the people of the country, and a tax reduction for about 2 percent of the families of great wealth. I hope that the Democratic Congress will stand firm in turning down this request.

REPEALING THE LAST SAFEGUARD NOW THE OBJECT OF A CRUSADE

In doing so, Congress will be following a pattern that was set 40 years ago, when near the end of President Woodrow Wilson's second term, the Secretary of the Treasury asked that this identical ceiling be lifted. A Democratic Congress at that time denied the request, and for 40 years we have been living under this 4¼-percent ceiling.

This administration has now raised interest rates as high as it can raise them, unless Congress acts to repeal this 40-year ceiling. If the Democrats buckled under and joined in this Republican policy, there would be no one left to protect the interest of the people. I do not expect that they will.

But the Wall Street money managers are not going to give up easy in this campaign to remove the last remaining safeguard the people have. In fact, all the signs point to an all-out "blitz" campaign in these closing days of Congress, to pressure through the administration's bill before the Congress adjourns. All stops are out, and all of the resources, propaganda, and pressure at the administration's command have now been thrown into this effort for still higher interest, which is, of course, the one thing closest to this administration's heart.

Yesterday the Treasury allowed itself to sell 91-day Treasury bills at the highest interest yield since the bank holiday of 1933.

At the beginning of the week one of the great national magazines, U.S. News & World Report, featured an eight-page interview with Secretary Anderson on the subject. And this so-called interview, I might add, is really a bigger and better appeal brief for the Wall Street bankers and money lenders in arguing their case to the American people.

The campaigners have even recruited Marriner S. Eccles, onetime Chairman of the Federal Reserve Board during President Roosevelt's and President Truman's administrations, to join in the campaign for the administration's high-interest bill.

And, finally, President Eisenhower has now been persuaded to put on his best and brightest suit of armor, even more gleaming than Charlemagne's, to lead the high-interest crusade, in a more determined assault than ever before. Incidentally, President Eisenhower's message to Congress yesterday seems to me to contain some arrogant statements. It says that he wants to make two things absolutely clear, and then it says:

> First, the administration is willing to assume full responsibility for managing the Federal Government's debt if it is allowed to do so free from artificial restrictions and on a parity with other borrowers.

WILLING OR NOT, THE ADMINISTRATION HAS RESPONSIBILITY FOR MANAGING THE DEBT WITHIN THE LAW

Well, it seems to me that the administration already has full responsibility for managing the Federal debt, whether the Congress agrees to the administrations high interest policy or not. The administration assumed that responsibility when it was elected. And if the administration is not willing to continue its lawful responsibility, then it certainly owes the American people a better explanation than it has given yet as to why it is unable to manage the Federal debt within the interest-rate ceiling that has been the law of the land for 35 years before the administration sought election and took office.

HIGH INTEREST IS NOT CAUSED BY THE DEMAND FOR MONEY

Certainly the recordbreaking rise in interest rates which this administration has achieved cannot be explained by supply and demand factors. The increase in interest rates has no relation whatever to the demand for savings which includes the gross amount of funds invested domestically, the net amount of funds exported for foreign aid and other purposes, and the net deficit of the Federal, State, and local governments combined. In fact, in 1952 the demand for savings was a larger percentage of the national income than it has been in any year since. And again in 1953 the demand for savings was a larger percentage of the national income than it has been in any year since. How then can the almost constant rise in interest rates since 1952 be explained? How can the sponsors of the administration's proposal explain a 30-percent jump in the long-term Government-based rate, and an 88-percent jump in the bill rate between 1952 and 1957? How can the administration's spokesmen explain a further jump of 18 percent in the long-term bond rate and a like jump in the bill rate between 1957 and today?

In 1952, the total demand for savings—to finance all private investment and to finance all public and private debt—amounted to 15.4 percent of the gross national product of the country. In 1957, when interest rates had been raised to what then seemed beyond all conscience, the total demand for savings amounted to only 13.9 percent of the gross national product.

Today, preliminary data for the second quarter of 1959 indicate that the demand for savings will be back up close to the 1952 rate, and this includes, incidentally, a $9 billion increase to finance an extraordinary buildup in business inventories, largely because of the expected steel strike, which will make only a temporary demand on funds.

HIGH INTEREST NOT EXPLAINED BY TAIL-WAGGING-THE-DOG THEORY

A free market in Government securities? Is the Government merely following the market rates up, in competition with private borrowers, as we are being told? Well, the fact is that the Federal Government is issuing 75 percent of all the securities being offered for sale. Are we to believe then this "tail-wagging-the-dog" theory, that private borrowing is running up Government rates? Are we to believe that yesterday the Treasury was helpless, and could do nothing but accept the bid prices it received for its bills? Well, only 17 Government securities dealers buy one-quarter of all these bills and these dealers advise all of the large financial institutions what the bid prices should be and are going to be. Altogether we could say that this market for Treasury bills is made by no more than 100 big financial institutions, all of which are fully aware of one another's expectations as to the prices they should offer the Treasury for its bills.

IF THE PRESIDENT WANTS TO DEAL FAIRLY WITH 98 PERCENT OF AMERICAN PEOPLE, HE MUST ASK FOR LOW INTEREST

No, this high-interest policy is not to help the overwhelming majority of the people though the President seems to have been persuaded to think so. He said in his message yesterday, and I quote:

> There can be no question as to the Government's obligation to deal fairly and justly with the millions of its citizens who invest a portion of their savings, sometimes as a patriotic duty, in Government bonds.

But I suspect the President has not considered that statement very carefully. Let me put it this way. What percentage of the families of this country own as much as $1,000 worth of Government bonds? Well, when we find such a family, one of the fortunate few, what is that family to gain by this bill to raise interest rates? It is to receive one-half of 1 percent more in interest per year. This will be $5 more a year for this fortunate family. But it is pretty obvious that as against this gain of $5 more a year that the family with $1,000 of Government bonds will have, that family is going to pay several hundred dollars more a year in increased interest charges to finance an automobile, to finance all of the household equipment and furnishings it will buy, and to finance the mortgage on the house. No, this high-interest policy is for the benefit of a few wealthy families, plus Wall Street bankers and money lenders. It is nothing more or less than a bold scheme to further redistribute the national income in favor of the wealthy.

Consider this: In 1952 personal income from interest was $12.1 billion, and it has jumped every year since—without any pause for recessions—until such income is now, in July of 1959, at the annual rate of $22.4 billion. And this does not include the billions of dollars of increased interest income which has been stored up in corporations and banks—only the personal income.

In contrast, consider this: In this same period of time farm income has gone down from $15.3 billion to $12.2 billion.

I could add that I personally know farmers who are going out of the farming business right now because, they tell me, the high interest they are already paying no longer permits them to make ends meet trying to farm.

Farm, business, and personal income—Farm interest 1952 to July 1959

SEASONALLY ADJUSTED ANNUAL RATES

[Billions of dollars]

Period	Total personal income	Proprietors' income		Personal interest income
		Farm	Business and professional	
1952	273.1	15.3	26.9	12.1
1953	288.3	13.3	27.4	13.4
1954	289.8	12.7	27.8	14.6
1955	310.2	11.8	30.4	15.8
1956	332.9	11.6	32.1	17.5
1957	350.6	11.8	32.7	19.5
1958	359.0	14.2	32.4	20.4
1959: January	369.0	13.5	33.5	21.1
February	371.0	13.2	33.7	21.3
March	375.4	12.9	34.0	21.6
April	379.0	12.2	34.3	21.8
May	381.3	12.0	34.5	22.0
June	383.8	12.1	34.7	22.2
July	384.1	12.2	34.8	22.4

Source: Department of Commerce.

HIGHER INTEREST RATES WILL CAUSE INCREASES IN UTILITY RATES AND TAXES

An increase in the interest rates on the Government's long-term securities will cause similar increases in the interest rates on all long-term rates, including all utilities and municipals.

Such increases will cause rate increases for consumers of electricity, gas, water, telephone, transportation, and so forth. This will be very inflationary.

Such increases will also cause taxes to be raised by the Federal Government, States, counties, cities and political subdivisions.

Now, in 1953, when this administration first came in, it deliberately set about to raise interest rates.

HIGH INTEREST HAS BEEN THE ADMINISTRATION'S POLICY FROM THE BEGINNING

I can give you the instance when this was first started. In the first part of 1953, within 2 months after it took office, the administration issued a 3¼ percent long-term bond. That rate was ¾ percent higher than any other long-term rate on marketable bonds in existence at that time. It was just an arbitrary increase of ¾ percent on long-term bonds. For what purpose? Did they need the money? No, they were just asking for $1 billion and they had several times that amount in the banks subject to call. They did not need the money. Therefore the bond issue was put out for the purpose of establishing higher interest rates—then 3¼ percent.

Now, today, 4¼ percent is not high enough for this administration to manage the debt the way it wants to. It would not be very pleasant to predict where interest rates would stop if we took the lid off and let this administration have its way.

Mr. O'NEILL. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

Mr. BONNER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 5421) to provide a program of assistance to correct inequities in the construction of fishing vessels and to enable the fishing industry of the United States to regain a favorable economic status, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 5421, with Mr. CARNAHAN in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. BONNER. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, I wish to make just a plain explanation of why this bill is before us today and the purposes of the bill.

For many years the New England fisheries have been declining chiefly because of the impact of cheap foreign fish from Canada, Iceland, Great Britain, and other countries. Various suggestions have been made to restore the industry so as to make it competitive, but none of the plans have been successful to date.

The law applying to fisheries requires that only American-built vessels be utilized in this industry. The foreign shipyards patronized by our foreign competitors can build vessels for up to 50 percent less than the cost here in the States. Handicapped as New England is by low cost of fish, the additional burden of paying up to a double price on the vessels themselves is intolerable.

The bill attempts to remedy this situation by providing a construction differential subsidy up to one-third of the cost of new vessels constructed in the United States. This approach represents no great departure from the previous law in that the bill is patterned closely after the Merchant Marine Act of 1936 under which very many of our present merchant ships have been constructed. It limits the application of the law to areas that have been the victims of the Trade Assistance Agreements Act and limits it to a period of 3 years, with a maximum expenditure by the Government of $1 million per year.

I call your attention, Mr. Chairman, to the situation that has arisen in this particular industry and to the report of the Merchant Marine Committee on this bill, dated August 5, 1959.

The report reads as follows with respect to the reciprocal trade matter:

> The basis for subsidy assistance is the failure of the President to afford relief to a segment of the industry under the Trade Agreements Assistance Act of 1951. Under

the provisions of that act, the U.S. Tariff Commission, after an investigation and hearing, may report to the President that a particular industry or segment thereof is suffering injury from foreign competition. Thereupon, under section 7(c) of that act, the President may make such adjustments in rates of duty, import quotas, or otherwise to prevent or remedy the injury.

It is not the Reciprocal Trade Act that has brought this situation on. In fairness and justice to this great segment and this great area of the Nation, it is a fact that the President has not followed the recommendation of the reciprocal trade agreements. In justice and in fairness, I think that should be called to the attention of the House for that is the basis upon which I, as chairman of the Committee on Merchant Marine and Fisheries, speak in behalf of this bill today.

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

Mr. BONNER. I yield.

Mr. GROSS. Under the Trade Agreements Act, the President is given overriding authority, authority which some of us sought to take away from him when the act was last extended and so, therefore, it is part and parcel of the act.

Mr. BONNER. Of course, it is, but he pays no attention in this instance to the recommendation of the Tariff Commission.

Mr. GROSS. I quite agree with that, and the reason for this bill is part and parcel of the Trade Agreements Extension Act.

Mr. BONNER. You are correct.

Mr. PELLY. Mr. Chairman, will the gentleman yield?

Mr. BONNER. I yield to a distinguished member of the committee.

Mr. PELLY. In fairness to the President and his failure to act, will not the gentleman agree with me, he is doing what he is doing and following a policy that he is following because of our national security and, therefore, basically this is a matter of our national security?

Mr. BONNER. The gentleman from Massachusetts [Mr. BATES], a disguished Member of the House, went into detail with respect to that, and that is the reason I am for this bill. We certainly have to help our home folks if we expect to keep industry alive in this country.

Mr. JENNINGS. Mr. Chairman, will the gentleman yield?

Mr. BONNER. I yield.

Mr. JENNINGS. Do I understand then, if we vote for this bill, we are voting against the security of America?

Mr. BONNER. No, sir, you are not voting against the security of America. You are voting for the security of America, and you are voting for the working people who follow the sea to make their livelihood.

Mr. JENNINGS. Mr. Chairman, if the gentleman will yield further, did I understand the gentleman from Washington to say the reason the President was not acting on the advice of the Tariff Commission and following their advice was because of the security of the country?

Mr. BONNER. The gentleman from Massachusetts [Mr. BATES] went into detail on this very subject here, and I cannot add to the statement he made in explaining this situation. I think after I have finished my statement, if you will wait until after I finish my statement, I will yield.

Mr. PELLY. Mr. Chairman, will the gentleman yield just to clarify that one point?

Mr. BONNER. Certainly, I yield to a member of the committee.

Mr. PELLY. I would like to explain to the gentleman that my reference to the national security was the fact that I felt the President could not afford relief because he felt it might affect the bases we have in these countries, and the attitude of their people toward us. I would agree 100 percent with the chairman of the Committee on Merchant Marine and Fisheries that the real justification for this bill is national security.

Mr. BONNER. That is the issue here today. There is no doubt about that.

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

Mr. BONNER. I must yield to a member of my own committee, of course, and a very fine member and a working Member of this House, a man I am very happy to be associated with.

Mr. GROSS. I thank the gentleman. But, is there any question of security as between Canada and the United States?

Mr. BONNER. I happened to be in Maine recently. Practically all the trucks I saw, the fishing trucks coming down through Maine were from Canada and Nova Scotia, carrying fish into Boston, which makes it very competitive and impossible for these ships to compete with that type of competition which they have.

Mr. GROSS. We have fallen on a sad and sorry day, if there is any question of our security that depends upon Canada to the extent that we must permit their fish to come in here and undersell the U.S. market. I just do not understand why it is argued that where Canada is involved there is any danger to the United States from the standpoint of security.

Mr. BONNER. Not only is Canada involved, but other countries who are operators in ocean fishing.

Mr. PELLY. Is it not true that Canada subsidizes her fishing industry?

Mr. BONNER. That is true, as do all the great fishing nations of the world.

The bill contains many safeguards to assure that its purpose is carried out, among them being provision that any removal from a particular fishery requires payment to the Government of the construction subsidies; in other words, if these ships that are subsidized in a particular distressed area were moved to another area the ships would be liable for repayment of the subsidy. In the event that the vessel is taken by the Government for emergency use the price paid by the Government will be the depreciated value of the vessel without inclusion of the subsidy payments.

Mr. Chairman, it must be remembered that during World War I and World War II this type of vessel that is spoken of in this bill played an important part in the national defense of this Nation. Small boats are used for inshore work and minesweeping, and they were actually used in some instances in the submarine warfare. So I think and I believe that this approach will be successful in materially aiding not only the New England fisheries, but also any other fisheries of the Nation that might be caught in this situation. They will be enabled to make a start toward competing effectively with foreign competition.

Mr. JENNINGS. Mr. Chairman, will the gentleman yield?

Mr. BONNER. I yield.

Mr. JENNINGS. Is this setting a precedent that we are going to operate in this fashion when the President overrules the Tariff Commision? Are we going to be confronted with this type of legislation in other fields? Will this not lead to a subsidy of the textile industry, the steel industry, and others?

Mr. BONNER. I anticipated that question, and I will answer it in this way: These ships are competitive world wide. We cannot control their competition. Our domestic situation is entirely another matter. These ships operate out where we cannot control who competes with them. As I have said here, the competition of these ships is built and operated 50 percent less than the ships that operate from our shores.

Mr. MACDONALD. Mr. Chairman, will the gentleman yield?

Mr. BONNER. I yield.

Mr. MACDONALD. Is it not also true that this is different than any other domestic industry?

Mr. BONNER. Is it a peculiar situation.

Mr. MACDONALD. It is different inasmuch as by law no ship which is built in a foreign yard can be used in the domestic industry.

Mr. BONNER. In any of the ports of this country. Therefore, Mr. Chairman, I urge the passage of this bill. I think the bill is fair; I think it is the proper thing to do under the conditions.

Mr. DENT. Mr. Chairman, will the gentleman yield?

Mr. BONNER. I yield.

Mr. DENT. Did I understand the gentleman to say that the crux of the matter is because of the fact that the President had failed to give consideration to the recommendations of the Tariff Commission?

Mr. BONNER. The gentleman from Massachusetts [Mr. BATES] went into detail on that matter, and he read the statement of the President. The President elected not to increase the tariff in this particular instance although the Commission, as I understand it, had recommended it twice.

Mr. DENT. Is it not also true that although the President by law has the full authority to accept or reject the recommendation of the Tariff Commission, that there is an overriding consideration in every one of the tariff settlements because of the fact that this Nation belongs to GATT and that GATT is made up of some 47 nations, in which group this United States has the same

single vote as Liberia and 45 other countries, and that we cannot establish, even if we want to establish, beyond certain recommendations made by the GATT organization, and, therefore, the Reciprocal Trade Act not being at fault as such, but the overriding influence of GATT which was created. After this Congress turned down the organization for tariff regulations another organization was born and has been instituted into our internal affairs. The President could not have established tariffs on this particular subject without permission from GATT. I believe that is true.

Mr. BATES. Mr. Chairman, will the gentleman yield?

Mr. BONNER. I yield, but I am taking a great deal more time than I contemplated.

Mr. BATES. I think it should be made clear that the reason this bill is before the House today is not because of the import question per se, but that is merely a corollary argument which I used in my presentation. The important thing, I think, is this: We are forced to build our boats here in the United States. If that is the national policy, then the Nation as a whole, not the fishermen alone, should bear the cost of the policy.

Mr. DENT. Mr. Chairman, will the gentleman yield?

Mr. BONNER. I yield to the gentleman from Pennsylvania.

Mr. DENT. In the gentleman's preliminary statement in discussing this bill he said that the reason we have to do this is because of the importation of fish and fish products, making it necessary for us to subsidize the shipbuilding in this country.

Mr. BONNER. We do not permit foreign-built vessels to operate in this trade.

Mr. DINGELL. Mr. Chairman, will the gentleman yield?

Mr. BONNER. I yield to the gentleman from Michigan.

Mr. DINGELL. Without going into the question of whether or not this affects rates and tariffs, or whether or not our tariff policy is involved, I think we can say to our colleagues who perhaps might feel very strongly on that, that this bill cannot affect whether or not we have more or less tariff on these things. It merely points out—the distinguished chairman of the committee pointed out that this condition exists—there is a need for assistance to a segment of the industry which happened to be affected by this adverse ruling of the President after proper action by the Tariff Commission.

I think what the chairman of the Committee on Merchant Marine and Fisheries has been trying to point out to the House is that this situation exists. To go into the subject of tariffs and whether the action of the President was proper or improper is really begging the question and to engage in a series of peripheral issues has no place in the discussion before us today.

Mr. BONNER. I might reply to the gentleman by saying that the committee considered permitting this type of vessel being built outside the United States.

Mr. DINGELL. That is correct.

Mr. BONNER. Our shipyards are an essential part of the national defense, our American labor is something that we are all interested in, therefore the committee would not give any consideration to permitting vessels in this trade being built outside the United States, nor did we give great consideration to registering vessels in any commerce that are built outside the United States.

Mr. TOLLEFSON. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, about everything that could be said about this bill has been said and very ably so by the chairman of the committee, the gentleman from North Carolina [Mr. BONNER], and the gentleman from Massachusetts [Mr. BATES]. Both have explained the background and the basis and the reason for this bill.

As a member of the Committee on Merchant Marine and Fisheries, the problem and plight of the New England fisheries has been before us for at least 12 years. It was particularly acute 10 years ago in 1949 when this House adopted a resolution asking the State Department to investigate the reason for the decline in the fishing industry activities in New England and to report back to the Congress with recommendations as to what might be done.

The State Department did make an investigation and did find that the New England industry had been injured by the imports of cheaply produced foreign products, but made no recommendations whatsoever. That was in line with the State Department's thinking and policy as of that time and I think that philosophy and policy still exist.

What happened in the New England fishing industry is now happening to other segments of our fishing industry. Our tuna fishing industry has been hurt very seriously. The number of boats employed in tuna fishing has been cut in half. The Northwest fishing industry has been injured badly and will continue to be hurt by the importation of cheaply produced foreign products, and so will the remaining deep sea fisheries of our Nation, including the shrimp fisheries. The basis for the injury, of course, has been the increasing amount of cheaply produced foreign imports with which we cannot compete because our labor costs and other costs are higher. I think it has been made clear to the House, but I want to repeat again, that while it is the imports that have caused the damage, we would not be here with this bill at all except for the fact that the New England fisheries people, as well as the other fisheries people, must build their boats in the United States. They cannot employ foreign-built boats. They must be built in the United States. These boats, as has been stated by the chairman, cost about twice as much to build as do foreign-built vessels. This one fact take the fisheries industry out of the same category with other industries which are injured by cheaply produced foreign imports.

A number of Members of the House have asked me about other industries and have mentioned them by name, and I have tried to point out that the fishing industry is in a special category, for one reason alone, and that is that they must buy their boats in the United States. This puts them at an economic disadvantage.

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

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

Mr. GROSS. There would be nothing to prevent the House from passing a simple bill to provide that they can build these fishing boats in foreign yards, would there?

Mr. TOLLEFSON. That is true. The House could do so if it wants to. However, may I say in that connection that the Department of the Interior suggested this course to our committee. They recommended that Congress repeal the law presently on the books which requires that those vessels be built in the United States. However, then we are confronted with the very serious national defense problem. In the event of an emergency, we would not then have a shipbuilding industry and the shipbuilding skills which would be so essential in the event of an emergency, and I doubt very much that this Congress would consent to repealing that law.

Mr. JONAS. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. I yield to the gentleman from North Carolina.

Mr. JONAS. The subsidy provided in this bill applies only to the construction cost of the vessel?

Mr. TOLLEFSON. That is correct.

Mr. JONAS. What part of the cost of operation of the fishing fleet is involved, in capital investment in the vessel; and, what part applies to other costs of operating the fleet? I mean, are we reaching the real problem? We do not reach the differential in labor cost, insurance cost, and all of the other costs.

Mr. TOLLEFSON. No, we do not.

Mr. JONAS. In this bill we only undertake to touch one small phase of this differential.

Mr. TOLLEFSON. That is correct.

Mr. JONAS. Now, what percentage of the total cost do you think this would touch?

Mr. TOLLEFSON. I have never heard any figures. I am sorry I could not give any accurate estimate.

Mr. JONAS. Is it the opinion of the subcommittee that if this subsidy applies only to the construction cost of a vessel, that would make the domestic fleet competitive with foreign fishing fleets?

Mr. TOLLEFSON. No, it would not completely; but it would improve the situation, we think, sufficiently to enable the New England fishing fleet to stay in business and not be run out of business.

Mr. JONAS. It would not completely cure the problem?

Mr. TOLLEFSON. No.

Mr. JONAS. It would still have the competition with foreign fleets?

Mr. TOLLEFSON. That is correct.

What this bill, in effect does, is to put the fishing industry in the same category with all the other industries in the United States that are hurt by foreign imports.

Mr. MAILLIARD. Mr. Chairman, will the gentleman yield?

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

Mr. MAILLIARD. I would like to ask the distinguished gentleman from Washington if he shares my concern about section 4 of the committee substitute in that it is a restriction, as I read this section, to an instance where application has been made for relief under the Trade Agreements Assistance Act, and has been certified by the Tariff Commission as being meritorious but denied by the President as a matter of overriding national policy. I am concerned about that for this reason: This is a rather artificial restriction. I agree that this bill should be restricted in its application to those industries where help is definitely needed, but I am thinking in terms of the tuna fishing industry on the Pacific coast, where they are in exactly the same situation as the New England fishing industry but where they could not get relief under this bill because there is no trade agreement with regard to tuna; therefore they could not go to the Tariff Commission, and yet their circumstances are exactly the same.

Mr. TOLLEFSON. Mr. Chairman, may I say to the gentleman from California that this particular matter of which he speaks has been discussed by various members of the committee. We felt in bringing this bill to the House we should bring it in in as limited a form as we can. What the gentleman says is absolutely true. The tuna fishing industry, as I indicated earlier, has been terrifically hurt by imports. The tuna boats have been cut in half in recent years, and though they are hurt just as much by the imports of products as is the New England fishing industry, they cannot get relief under this bill simply because they are not entitled because of technicalities to go to the Tariff Commission and ask for relief. They cannot even get before the Tariff Commission. Of course, I must say very frankly to the gentleman that I would have preferred personally a differently worded bill which would have enabled the tuna fishing industry to obtain this same relief. I think the gentleman has taken a sound stand in indicating, perhaps, that other language might have been better than that presently contained in the bill.

Mr. MAILLIARD. Mr. Chairman, will the gentleman yield further?

Mr. TOLLEFSON. I yield.

Mr. MAILLIARD. I was unable to come up with language that satisfied myself, so I did not offer an amendment in committee, and I do not intend to offer an amendment today because I do not want to confuse this issue. I know how desperately the New England fisheries need this assistance. I should hope that perhaps when this bill reaches the other body section 4 might be worded in such a way that it would provide that where no trade agreement exists, the Tariff Commission could, upon application, make a determination as to whether the injury was sufficient to be given this consideration. I am thinking of the tuna industry but, who knows, one day it may be the shrimp fisheries in the gulf, or some other fishery. There is no limit to the possibilities here. Yet the production of food resources from the fisheries is a very vital part of our whole economy and one that perhaps is not quite as well understood as it should be. At the same time I think we do not want to go to the expedient of permitting ships to be built abroad because the shipbuilding industry, which produces ships for fishing purposes is the same industry upon which we depend tremendously for the construction of small auxiliary craft like minesweepers, and so forth, in time of war.

Mr. TOLLEFSON. I am glad the gentleman is giving thought to some language which would make the bill more in line with my own ideas of what was needed. But, as I have indicated, it would require some carefully drafted wording and, perhaps by the time it gets over to the other body, somebody will have thought of it.

Mr. Chairman, I trust that while the word subsidy is obnoxious to many Members of the House, they will nonetheless realize that this is a much needed measure. I speak as one whose industries are not going to be helped one whit by this bill. None of the industries in my area that are being hurt by imports, and we have a great many of them, are going to be helped by this bill. But I do know the situation in New England. I have lived with it for 13 years on our committee and I realize we have got to do something. Otherwise, we are not going to have any New England fishing industry; it is that serious. I hope the House will approve our bill.

Mr. PELLY. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. I yield to the gentleman.

Mr. PELLY. Will the gentleman agree with me that the basic issue in this legislation is not in any way setting a precedent. Basically it is simply one of following the same policy we have had with regard to our merchant ships.

Mr. TOLLEFSON. That is correct.

Mr. PELLY. Whenever an industry is damaged because it is not allowed to build its ships in foreign yards, it must build its ships in local yards and therefore at a higher cost, the Federal Government in order to sustain the skills and facilities for shipbuilding, compensates the shipbuilder for that loss.

Mr. TOLLEFSON. May I say to the gentleman that actually this House approved construction subsidies for fishing vessels away back, I believe, in 1936. But unfortunately the wording of that act is such that we found that in fact the fishing vessels could not come under it. But Congress already has spoken on this subject once. All we are asking you to do now is to speak again in language which is understandable and under which the New England fisheries can come in for some assistance.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. I yield to the gentleman.

Mr. BAILEY. Will the gentleman explain to the Members of the Committee why it would be helpful to the east coast fisheries and not to the west coast fisheries?

Mr. TOLLEFSON. Yes; because the bill provides that the subsidy shall only go to that fishery which has appealed to the Tariff Commission for relief, where the Tariff Commission has recommended relief, but where that recommendation has gone to the President and the President for some reason of his own has said "No."

Mr. BAILEY. The west coast fisheries have not processed a case under the escape clause?

Mr. TOLLEFSON. We have not. But the day is coming, I would guess, when we will be hurt as badly as have been the New England fisheries. I am sure the day is coming because the number of imports of fish products has been increasing year by year until now they are so tremendous that it is difficult for me to understand why more of our fishermen are not out of business altogether. Many of them are, but I am speaking of the whole industry. I am surprised that some segments of our fishing industry have not closed altogether.

Mr. BAILEY. Will this legislation be broad enough so that when an industry that has not already applied to the Tariff Commission, if it does apply to the Tariff Commission and gets a favorable ruling, will benefit under it?

Mr. TOLLEFSON. The bill applies only to the fishing industry. As of the moment this is limited to those cases, as I have said, where the Tariff Commission has recommended relief but the President has denied it, and to similar cases in the future.

Mr. BAILEY. In view of the fact that I am interested in a number of them, I think perhaps the legislation might be all right in that respect, where you can convince the Tariff Commission. It is more in line with what I have been trying to do, to take away from the President the right to overrule the Tariff Commission.

Mr. TOLLEFSON. I know the gentleman's position and I subscribe to it and have supported it. I think he has done a tremendous job.

Mr. WILSON. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. I yield.

Mr. WILSON. I have listened to the arguments in favor of this bill, and I am very sympathetic to the problems facing the New England fishermen. Our problems are almost identical, the problems faced by the tuna industry in California. Unfortunately, the tuna industry does not qualify under this bill because of the escape-clause provision. But the tuna industry does support this legislation, and we in California are supporting it because it shows that the Government is and can be interested in preventing the tuna fishing fleet and other fishing fleets from disappearing from the seas.

I hope the legislation is successful and we support it fully.

Mr. TOLLEFSON. I thank the gentleman from California.

Mr. OLIVER. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. I yield.

Mr. OLIVER. I take this opportunity to commend the gentleman for the conscientious work of the committee in the consideration and in the writing of this bill, and for the splendid way in which the gentleman has discussed the basic issues involved in the bill. I would like to ask the gentleman this question. Are there any national defense considerations in the passage of this bill, in your opinion?

Mr. TOLLEFSON. Oh, yes, indeed. I think the experience of World War II where the Navy, shall I say, confiscated or took over a great number of fishing vessels and utilized the vessels in the defense effort shows how important this is to our national defense. In addition, inasmuch as the fishing vessels have to be built in the United States, this assures the existence and the continuation of shipbuilding skills and facilities. The Navy not only utilizes fishing vessels, but they, themselves, have built in our shipyards, as the gentleman knows, a large number of small boats like minesweepers which are badly needed in time of war. Those vessels could not have been built in the United States had we not had the skills and the facilities to do so. Therein enters the national defense aspect.

Mr. OLIVER. I thank the gentleman very much for that observation. It appeared to me one of the basic and important factors in the passage of this legislation might be that we would thereby get a fleet of vessels which could be used, perhaps, in an emergency to do the many jobs that the Navy has to do and which it has been found necessary to do in past conflicts.

Mr. TOLLEFSON. As a matter of fact, the Navy today relies on information it obtains from fishing vessel operators. They are sort of outposts, you might say, with respect to seeing what other nations might be doing with ship operations or submarine operations in waters off our shores.

Mr. OLIVER. I thank the gentleman very much.

Mr. BONNER. Mr. Chairman, I yield 10 minutes to the gentleman from Massachusetts [Mr. MACDONALD].

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. MACDONALD. I am happy to yield to my distinguished leader.

Mr. McCORMACK. I congratulate the gentleman from Massachusetts [Mr. MACDONALD] who introduced the bill, and the gentleman from Massachusetts [Mr. BATES] for the very fine statement he made as well as the other gentlemen who have spoken in favor of this bill on both sides of the aisle. I think this is very fair legislation. I am glad to join with my dear friend, former Speaker of the House, Mr. MARTIN, for urging the passage of the bill. As we all know, all of the fishing industry in all parts of the United States favor this bill. It is the result of months and months of negotiation before this present session of the Congress met. The entire fishing industry—north, south, east, and west and in the Great Lakes area agree. This bill comes before the House representing the united views of all of the fishing industry of our country. I strongly urge the passage of the bill because the fishing industry certainly is entitled to this compensatory consideration. Naturally, as to the suggestion made, or the recommendation that the law be waived about building fishing vessels outside the United States—no Congress would pass that, and properly so. This is one bill which will be most helpful to the fishing industry. It is the result of many years of effort as was so ably expressed by the gentleman from Massachusetts [Mr. BATES] and other Members who have spoken on this bill. I strongly urge that the Committee of the Whole adopt the bill.

Mr. MACDONALD. I thank the gentleman.

Actually, while I have been allotted 10 minutes, I do not intend to take 10 minutes because I think the waterfront has been pretty well covered. I would like to review, very briefly, exactly what this bill does. It is a very simple bill. It is a very small bill moneywise. I point out to the House that the entire amount involved in this bill is but $3 million—$1 million a year for 3 years to cover up to 33⅓ percent of the differential between domestic and foreign ship construction.

Secondly, these payments can be made only to those fisheries which have been injured and for whom the escape clause relief has been recommended by the Federal Tariff Commission, and that recommendation has been rejected by the administration. To show its need, the industry has appeared before the Federal Tariff Commission four times in 11 years and the Federal Tariff Commission on two occasions, once unanimously, set forth decisions that this industry should be relieved by having increased import duties up to 50 percent or to establish a quota formula to control the flow of imports. Neither of those recommendations were followed.

I say to the gentlemen who have made inquiry, why should not other industries in the United States be similarly treated.

I say that because the fact is that in 1729 this Congress saw fit to pass a law which in effect said that no fishing vessel constructed in a foreign shipyard may be used in the domestic fishing industry of the United States. Perhaps at one time this had some point because the effort was to protect and encourage the shipbuilding activities of a young America and the development of her trade and commerce. That time has passed, but still we do not want to injure the shipbuilding industry of this Nation which was certainly needed in World War II and would be again in case of national emergency. To those people who think of the word "subsidy" as a dirty word, I would remind them that the cost of this program, per year does not reach the cost of the storage program for surplus crops under the Benson agricultural program for a single day. So I recommend to the House that we unite and right an injustice that was done in the name of national security. It is not fair that one small segment of an important industry should have to bear the brunt of an act committed in the name of national security. If it was done in the name of national security, the result should be shared by all the taxpayers of the country.

Mr. Chairman, those of us who are vitally interested in the fishing industry in the United States have become very alarmed at the recent decline and the difficulties experienced by our domestic fishing industry. The industry as a whole is declining fast. It is losing economic stature, witn some segments already facing ruin because of the importation of foreign-caught fish. Likewise, our fishing fleets are being forced out of business by this kind of competition. Everyone knows that for some time this most important industry has been fighting a losing battle against the present policy which makes concessions to foreign competition and which simultaneously refuses to provide relief to our domestic fishing industry.

Failure to provide tariff relief and its failure to provide construction-differential payments for the fishing vessels that by law must be built at much higher costs in this country have exposed our fishing industry to the unfair competition from abroad that is driving us out of business.

I want to point out that while our U.S. fishing fleet is gradually deteriorating Russian fishing vessels have been moving into water a mere 250 miles off New England's coast with a modern oceangoing fleet. The Russians are penetrating our fishing waters in their overall efforts to defeat us through economic competition. They also use their fishing vessels for military purposes in connection with their large submarine fleet. The Russians have large, modern fishing vessels whose activity is not restricted by governmental action. We must not allow the Soviet Union to outdistance us in this field as they have in others.

I am sure the Members of the House agree with me when I say that some assistance is needed both in and out of Congress to prevent the collapse of this most essential industry. I, therefore, want to commend Chairman BONNER of the House Merchant Marine and Fisheries Committee and Chairman BOYKIN of the Subcommittee on Fisheries, as well as all the members of the parent committee for the excellent work they did in connection with this much needed proposal.

Mr. Chairman, we are considering today a bill that is designed to promote the welfare of our fishing industry.

I urge your strong support of bill H.R. 5421 which would help distressed fisheries in the United States compete with foreign fisheries which employ lower-paid labor and use ships costing 36 to 50 percent less than similar type ships built in the United States. Low-priced foreign fish imports have caused severe financial losses to large segments of our domestic fishing industry, particularly in New England. Financial losses have been so high that much of our fishing equipment is aged and inefficient, with high insurance, maintenance, and operating costs, a high injury

rate for fishermen, and inadequate fish catches because of obsolescent gear and outmoded fishing practices.

My bill would also help our domestic shipbuilding industry. American fishery vessel operators are not allowed to use low-priced, foreign-built ships. They can use only those ships constructed in the United States—United States Code, title 46, paragraph 11, and Revised Statutes 4132, as amended, passed by Congress in 1792—because we wish to maintain a healthy domestic shipbuilding industry. This is an objective worthy of your support and that is part of the reason that this bill authorizes the payment to a domestic shipbuilder of a fishing vessel 33⅓ percent of the differential between the cost of constructing a fishing vessel in the United States and such a cost in a foreign country. This 33⅓ percent differential is really lower than the average differential, because foreign shipbuilders can construct and deliver large ships to the United States for an estimated average cost of 42 percent below our costs. In Japan the differential is 50 percent; in northern Europe the differential would be about 45 percent, and in the United Kingdom and France the differential would be less.

You will note that the committee report on bill H.R. 5421 stresses the importance of a strong domestic shipbuilding industry. It states that—

> The necessity of maintaining shipyards in operating condition and good financial health in the United States has been amply demonstrated in both World War I and World War II. In both of these, the small boat yards capable of constructing fishing vessels did yeoman service in the construction of minesweepers and other auxiliary vessels for defense, and it is inconceivable that they be condemned to extinction.

The committee report stressed also the importance of providing to domestic fishery shipbuilders the differential of 33⅓ percent as a method of helping our distressed fishing industry gain a more favorable position for competing with cheap foreign imports. My bill provides that this differential is to apply only to those segments of the fishing industry which are in distress.

Our financially embarrassed fishing vessel operators would like to purchase new, American-built ships, but they are unable, or understandably reluctant, to buy any new ships, because of the higher costs. Their impoverished financial condition, poor equipment collateral, and dim future prospects are so bad, generally, that they have great difficulty, or have not been able to obtain loans from banks or from the Small Business Administration.

Fewer and fewer fishing vessels are being constructed in recent years in the United States. In 1947–49 more than 1,000 vessels were documented, but in 1957 only 601 vessels, or 40 percent less, were documented. Of these 601 vessels nearly half, or 296, were added to the fishing fleet in the South Atlantic and gulf areas mainly for shrimp fishing. In the other very important fishing areas of New England and the Pacific Coast States there were fewer fishing vessels in 1957 than in 1955. Of the 12,000 vessels of 5 net tons or over engaged in fishing activities in 1957 a considerable number were old and obsolete.

This bill asks for only $1 million per year for just 3 years, which is a short time and a small sum compared to its valuable benefits to be derived for fisheries, shipbuilders, and to the security of the United States.

The general objectives of my bill have been approved by the several Federal departments. Numerous individuals and organizations have stressed that it should be approved. The bill contains safeguards so that differentials will be safely and wisely provided only to responsible, but distressed fisheries.

Before concluding I would like to point out that under section 4 of the bill a construction subsidy shall be granted only to assist in a fishery suffering injury from which escape clause relief has been recommended by the Tariff Commission.

As you probably know twice in recent years President Eisenhower has rejected two recommendations by the Tariff Commission for the relief of the New England ground fish industry. This has been done on the grounds of national security. The fishing industry has established economic justification before the Tariff Commission and demonstrated that it cannot maintain competion against foreign imports without tariff relief or some other measure of assistance. But friendly relations consideration between Iceland, other countries and our State Department have precluded relief and the fishing industry's condition continues to worsen.

I, therefore, ask: Is it equitable to assume that one industry should bear the entire brunt of our national security policies with respect to friendly nations engaged in fisheries commerce? Should this industry be forced to suffer economically for national security considerations which affect us as a Nation as a whole?

Some measure of assistance is clearly in order. I want to repeat that my bill is designed to revive an industry that is rapidly deteriorating because it is plagued by high costs and low prices. It is an industry that is struggling to maintain its equilibrium in an economic storm that threatens to throw it off course. My bill is an effort to place the fishing industry in an equitable position as compared with other economic segments in our society. If enacted into law it will save and revive the important fishing industry of the United States. I, therefore, commend this bill and strongly urge its approval.

Mr. BURKE of Massachusetts. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. BURKE of Massachusetts. Mr. Chairman, I wish to go on record in favor of H.R. 5421. While this measure will not correct all the inequities in the fishing industry as it affects New England it is a step in the right direction.

The fishing industry in New England has been in dire straits by reason of the fact that imports of frozen fish fillets at prices below the cost of production have caused severe losses.

Many of the fishing trawlers are now over age and because of the poor profits there is little or no capital available for their replacement.

This is a moderate bill and should have the support of all those interested in keeping fishing industry alive in our Nation.

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

The CHAIRMAN. Is there objection to the request of the gentleman from Maine?

There was no objection.

Mr. OLIVER. Mr. Chairman, I rise in support of this legislation which is designed, primarily, to recreate a modern fishing fleet in the New England area that can compete with the subsidized fisheries of foreign nations.

Those who have spoken on this bill during this debate have covered the several phases of the need for action in this field, caused both by the critical competition from imports of fish and fish products, which is forcing the New England fishing industry to its knees, and the refusal of this administration to give us relief through the provisions of the escape clause authority of the Trade Agreements Act.

Attention has been called to the existing law which prohibits the use in our coastwise commerce of boats built in foreign yards. So, if we are to be encouraged and helped to revive our industry, make jobs, and utilize the rich resources of the sea, with which we are so abundantly blessed in the North Atlantic, then, it must be through this legislation which is not a new principle for our Government. The same procedure of construction differential subsidies is applied to keep our merchant marine fleet in a healthy, modern status. Of course, this has been our practice for years, since the 1936 act to be exact, The approach of subsidies for construction of merchant ships has proved itself, not only in peacetime but has helped to save this Nation in times of war.

This bill, authorizing a modest approach of $3 million over a 3-year period for the rejuvenation of this fishing fleet, may also prove to be a national defense factor of great value if we are unfortunate enough to become embroiled in another armed conflict. During World War II, the Navy acquired and converted for defense purposes many of these very same vessels, which we now seek to replace, through this legislation, with modern, effective craft. These vessels will be used for the peaceful pursuit of harvesting the sea in competition with our neighbors who are constantly improving their fleets through governmental subsidies, just as we seek to accomplish, here, today. Also, Mr. Chairman, we must fulfill our legislative responsibility to act in the national defense. This bill, which deserves your

wholehearted and complete support, will do both of these jobs.

Today, it is the New England interests which must be protected. Tomorrow, it could be the tuna fisheries of the Pacific or the shrimp fisheries of the gulf and the South Atlantic.

This legislation is constructive. It is in the national interest. It calls for your unselfish support. I urge the passage of this bill.

Mr. TOLLEFSON. Mr. Chairman, I yield such time as he may desire to the gentleman from Oregon [Mr. NORBLAD].

Mr. NORBLAD. Mr. Chairman, I shall support H.R. 5421, to provide a program of assistance to correct inequities in the construction of fishing vessels and to enable the fishing industry of the United States to regain a favorable economic status.

There is no question but that the New England fishery is in dire straits and our west coast fisheries are not in good shape. Because of poor prospects, there is no capital assistance for the replacement of obsolescent vessels. Use of the older vessels has caused higher maintenance costs, higher insurance premiums, injuries to crews and inadequate catches because of old gear and obsolescent fishing vessels.

By law, U.S. fishing vessels must be constructed in U.S. yards and the additional costs, which according to the Department of Commerce run as much as 42 percent, places a hopeless handicap upon the fishing industry.

As much as I dislike the thought of Federal subsidies, I realize full well there are instances where the Federal Government must step in and provide assistance if an industry, such as fishing, which is of great importance to the entire Nation, is to be preserved and the jobs of those employed therein are to be saved.

Although H.R. 5421 applies solely to the New England fishery, I hope it can be amended to include our west coast fisheries, as they too are in a depressed condition and certainly need assistance to enable them to replace outworn, obsolescent vessels.

I believe that H.R. 5421 is a fair and equitable proposal which would do much toward rehabilitating our fishing industry in the United States, which has suffered continued hardship by reason of certain trade policies of the United States.

Mr. TOLLEFSON. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Chairman, there have been a lot of extraneous issues thrown into this discussion today. I think we need to get right down to the crux of this bill, which is to be found in section 4 on page 2, which reads as follows:

SEC. 4. A construction subsidy shall be granted under this Act only to assist in the construction of a fishing vessel to be operated in a fishery suffering injury from which escape clause relief has been recommended by the Tariff Commission under the Trade Agreements Assistance Act of 1951, as amended (65 Stat. 74), but where such relief has been or is hereafter denied under section 7(c) of such Act.

Then we go to the report, and the first sentence of the report on page 3 under the heading "Summary of the Need for the Legislation" reads as follows:

At the present time, the New England fishery is in dire straits by reason of the fact that imports of frozen fish fillets at prices below the cost of production have caused severe losses.

There is one issue and only one issue, and that is whether on that basis you are going to vote for a bill that provides a subsidy for the New England fishing fleet, for that is the only segment of the fishing industry that can qualify under this bill. That is the real issue. It is the issue of the New England fishing industry having gone to the Tariff Commission, having twice been upheld by the Tariff Commission, President Eisenhower twice having overturned the decisions of the Tariff Commission, and now this bill seeks to overrule the President by indirection and reliance on the Federal Treasury.

What is going to happen if this bill is adopted?

What kind of precedent will be set? The pottery industry may go before the Tariff Commission, obtain a favorable decision under the escape clause and be overruled by the President. The glass industry, the knitting industry, the auto industry and many others may do likewise. Are you going to pass a series of bills to compensate, as the gentleman, my friend from Massachusetts, the distinguished majority leader advocates, for the damage caused by the so-called reciprocal—the misnamed reciprocal trade agreements for there is little or no reciprocity.

My friend from Massachusetts who supports that program and who is at heart, I am sure, a freetrader, advocates resort to the U.S. Treasury to provide compensatory payments. That is his answer to the damage that is being done by our foreign trade agreements.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Certainly I yield.

Mr. McCORMACK. Does the gentleman undertake to penetrate my heart?

Mr. GROSS. Just your mind, not your heart.

Mr. McCORMACK. Does the gentleman think he is qualified to penetrate my mind?

Mr. GROSS. On this subject—perhaps not completely but certainly to a limited extent, and I will not go beyond that.

Mr. McCORMACK. I admire the gentleman very much because I am unable to penetrate his mind.

Mr. GROSS. The gentleman is heading as fast as he can to free trade when he supports the so-called Reciprocal Trade Agreements Act with a 20-percent reduction in tariffs over a 4-year period.

Mr. McCORMACK. I am not attacking or criticizing the gentleman for his views.

Mr. GROSS. I am not criticizing the gentleman either.

Mr. McCORMACK. I am not characterizing my friend as a high protectionist. He would not want me to and I would not do it. Yet when he starts talking about free trade he is just as far wrong as anybody can be. I try to rationalize, I am sure my friend does, too, from his own angle. I would no more accuse my friend of being a high protectionist than I would accuse him of favoring Khrushchev's visit and to address a joint meeting of Congress.

Mr. GROSS. Let me tell the gentleman how I feel about this tariff situation. We are in trouble and we are getting deeper into trouble all the time over this flood of imports. The answer to it is a tariff based upon the differential in costs of production as between this country and any foreign country, and I do not care what foreign country it is.

Mr. McCORMACK. I am not arguing that.

Mr. GROSS. The gentleman can call that a high tariff or low tariff.

Mr. McCORMACK. The gentleman simply referred to me as a freetrader. I say the gentleman is just as far wrong in that statement as if I referred to him as a high protectionist. We are having a little pleasant colloquy, are we not?

Mr. GROSS. Yes, very friendly.

Mr. McCORMACK. One reading the RECORD may get a different impression than we intend to convey to one another. The gentleman knows that the Reciprocal Trade Agreements Act was to meet the Smith-Hawley Act and the high tariff provisions and the results that flowed from that act. I will agree—and I have never taken any other position—that under the Reciprocal Trade Agreements Act and its administration certain other conditions have arisen. It was in the Democratic platform, and I was chairman of the platform committee when we talked about the administration of the act. I will agree that when an American industry is adversely affected, sharply affected, and they make out a case for what I call compensatory consideration, the gentleman knows my phrase and the gentleman knows it is very logical and sound although my friend disagrees with me.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. TOLLEFSON. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. GROSS. No, I cannot agree with the gentleman that the answer to this or any other damage by virtue of imports is compensatory payments out of the U.S. Treasury.

Mr. McCORMACK. I said "compensatory consideration."

Mr. GROSS. What is the difference between them? Your compensatory consideration in this bill amounts to a million dollars a year ad infinitum.

Mr. McCORMACK. This bill is along the lines of what one of my friends on the Republican side said, it follows subsidies for the building of ocean-going passenger ships and our Merchant Marine. This is more consistent with that than the illustration my friend gave.

Mr. MACDONALD. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Massachusetts.

Mr. MACDONALD. I think the gentleman will want to correct the RECORD.

This bill lasts only 3 years. It expires at the end of 3 years. The total cost is $3 million.

Mr. GROSS. Yes; I misspoke myself when I said "ad infinitum." I will strike that. It goes for 3 years, but I will be amazed if you would not be here asking for more appropriations at the end of 3 years.

Let me say to the gentlemen from Massachusetts, this bill is not going to cure anything. I have every sympathy for the industry. The industry is hurt, it has been damaged, and I have every sympathy for those injured. But I would much prefer to vote for an outright subsidy for the building of the New England fishing fleet than to approve this proposition of in fact amending the Trade Agreements Act in this fashion to the exclusion of all others who are being damaged. As I said, this bill is not going to cure anything. You can build these fishing boats, but if you cannot compete with low-cost foreign imports, it is not going to solve your problem at all and the gentleman knows that very well.

Mr. MACDONALD. Does not the gentleman agree there is a difference in the illustration he gave? There are people who manufacture glass in Toledo, for instance, and they import the machines with which they manufacture this glass.

Mr. GROSS. No, not necessarily.

Mr. MACDONALD. That happens to be the fact. Would he follow the law in the same way and have these people pay 50 percent more because by law they cannot purchase trawlers outside the United States? Does the gentleman want the law changed in that way?

Mr. GROSS. I have never voted for such a bill in the Committee on Merchant Marine and Fisheries. I simply raised the question. I have never voted for a bill to provide for the construction of ships in foreign yards, and the gentleman well knows that. I do not believe in it. I believe in paying American workmen for their labor and American industry the cost of producing their products. The best market for the products of our farms is the American market and the best consumers are those gainfully employed in American industries, including shipyards. I say you you are not going to solve the real problem with this bill.

Mr. PELLY. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Yes, I am happy to yield to my friend from the State of Washington.

Mr. PELLY. The distinguished majority leader referred to the Democratic platform, and I would like to refer to the statement of policy of the Republican Party, which is to protect labor standards. This bill is right in line with that.

Mr. McCORMACK. Mr. Chairman, if the gentleman will yield, when I referred to the Democratic platform, I did not mean to exclude or make any partisan reference.

Mr. PELLY. I just wanted to remind the gentleman that both parties are in support of the principles which are in line with this particular legislation.

Mr. GROSS. Both parties are what?

Mr. PELLY. In support of protecting the high standards of American labor as against foreign labor.

Mr. GROSS. Well, it is going to be pretty hard for me to believe that President Eisenhower, the titular head of the Republican Party, is going to be very favorably disposed toward this bill which, in fact, sets aside his decisions and provides a backdoor approach to the United States Treasury to get money because he has overruled decisions of the Tariff Commission. It is hard for me to believe that he wants that kind of a precedent established all over the country, because of the many other industries adversely affected by reason of foreign imports. I warned when the extension of the Trade Agreements Act, the so-called reciprocal trade agreements, last came before the House that the fact of the extension, with its 5 percent reduction in tariffs over a 4-year period, or a total of 20 percent, would live to haunt the Members of this House, and here it is today to haunt them. I just do not believe that President Eisenhower, if he has seen this bill or gets a good look at it, is going to be very favorably disposed toward it.

Mr. JONAS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from North Carolina.

Mr. JONAS. I was interested in the comment the gentleman made that this bill will not solve the problem it seeks to solve. Did the gentleman hear the colloquy I had with the gentleman from Washington?

Mr. GROSS. Yes.

Mr. JONAS. Being a member of the committee and having studied this subject carefully, I wonder if the gentleman from Iowa could enlighten the House as to the proportion of the cost of operating a fishing vessel is attributable to the purchase price of the vessel. Is not that a small part of the total cost?

Mr. GROSS. I would have to go back to the hearings to find an answer for the gentleman. Perhaps the chairman of the committee could enlighten the gentleman as to his question. I am happy to yield for that purpose if he cares to answer.

Mr. BONNER. What is the question?

Mr. JONAS. I asked the gentleman from Iowa if there was any information before the committee which would disclose the percentage or proportion of the cost of operating a fishing vessel that is attributable to the cost of the vessel.

Mr. BONNER. In the regular subsidy with our merchant marine we grant approximately 50 percent. In this bill we limit it to one-third the cost of the vessel.

Mr. JONAS. Assuming that a fishing trawler would cost $300,000, the subsidy would be $100,000?

Mr. BONNER. That is correct.

Mr. JONAS. Would that take care of the cost differential? Would that make the domestic fleet competitive with foreign fleets? That is the problem we are trying to solve.

Mr. BONNER. Yes. With the proper type of trawlers the industry can compete.

Mr. JONAS. But you have recurring costs, such as labor, insurance, upkeep, and maintenance.

Mr. BONNER. That is shore cost. There is no shore cost included in this bill.

Mr. JONAS. I would like to vote for the bill if it would correct the problem, and I am interested in the problem. But the gentleman from Iowa has about convinced me that this bill will not solve the problem we seek to solve, and that if we adopt this approach we will be establishing a precedent which will have to be followed in every case where a domestic industry is damaged by imports.

Mr. O'NEILL. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Massachusetts.

Mr. O'NEILL. I would like to explain to the gentleman from North Carolina that my district and the city of Boston is where the most part of the fishing fleet is located. And, we are concerned about it, naturally, and I know quite a bit about it. In this day and age while our New England fleet is obsolete and while we still fish, as I stated before, in the same manner and follow the same customs as we did in the last 100 or 150 years, what we need today is a more modern trawler. The $1 million a year will only build probably 3 or 4 trawlers. In the overall fleet, what do 3 or 4 trawlers mean? It will mean that they will have new, modern equipment, with electronic devices, with sounding systems, things of that kind, so that they can go up to the Grand Banks or the Georgian Banks, or off the various places where they go to fish, and use this sounding equipment, this electronic equipment, to locate the fish. They will relay this information to the rest of the fleet and then the fleet will go up there.

In other words, at the present time, we do not have what they call finders. That is what they have in the Russian fleet today. That is what they have in the Iceland fleet today. That is why we need at least this limited number at the present time so that they can be sent out as scouts to locate the fish, so that the men will not spend days at sea, and many useless hours, not knowing where the fish are located but so that they will have the information and will be able to come back with the fish.

Mr. OLIVER. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman.

Mr. OLIVER. Perhaps this is not pertinent to what the gentleman has been saying, but with regard to the inquiry made by the gentleman from North Carolina [Mr. JONAS] to which my friend from Massachusetts [Mr. O'NEILL] has been addressing his remarks, here is a sentence taken from a telegram received today from the representative of the National Fisheries Institute, which says:

> Adoption of this legislation provides the only hope for American industry to compete with foreign fishing vessels.

I offer that contribution because while this bill is probably not a solution of the problem, it offers the only hope toward a solution. I wanted to make that point.

Mr. GROSS. Mr. Chairman, again we have a bill before the House which seeks to solve a problem by dealing with effect and not the cause. This is again the easy way out—the accepted practice of rushing to the Federal Treasury to solve all problems, no matter how large or how small. That is the prime reason why this Government has accumulated a debt of $290 billion—an impossible mortgage that has been yoked around the necks of future generations.

The trouble in this instance, I repeat, is directly attributable to the alleged reciprocal trade program, and these troubles are multiplying every day. To put American labor and industry on a world price level can only mean a lower standard of living in this country. To raid the U.S. Treasury to provide compensatory payments for all damage inflicted by foreign imports is unthinkable for the Treasury is worse than "busted" for it went $13 billion in the hole in the last fiscal year alone.

Congress must face up to the fact that the foreign trade policy of this country has failed; that our industry and labor cannot possibly meet the competition with which it is faced.

It will be interesting to compare the votes for this bill with the votes that were cast for the last extension of the so-called reciprocal trade act. Those who voted for that extension, and the terms and conditions contained therein, cannot consistently vote for this bill.

Mr. BONNER. Mr. Chairman, I yield 5 minutes to the gentleman from Oklahoma [Mr. MORRIS].

Mr. MORRIS of Oklahoma. Mr. Chairman, it seems to me that this great committee and those who have spoken on this bill have made a fine case, an excellent case for this bill. I am certainly strongly in favor of it after having read the bill and heard the debate.

I should like to make just a few observations in the short time allotted me. This bill could not possibly affect directly the district that I have the honor to represent nor the State of Oklahoma; nor could it directly help or affect anything in the Midwest that I know of. But I do hope that all of us in regard to this subject matter will do our very best not to be local in our views but that we will think in terms of our whole country. I am trying to do that on this occasion because, as I say, this cannot directly help us at all out our way, but it will help an important segment of our whole society. It will help the fishing industry, and they are entitled to that help.

I am glad that they have very frankly and very pungently used the word "subsidy." Some people have been afraid of that word. But I call your attention to the fact that we have had subsidies in the United States ever since George Washington's time. Many, many segments of our society have been subsidized. The only question we should ask, it seems to me, if we are called upon to subsidize some group in our country is whether or not it is justified and we can afford it. Were it not for the subsidies that we have granted through the years to certain of our segments and groups we would not be the strong Nation we are today.

The tariff has been mentioned. The tariff is probably the biggest subsidy in America. I have used these figures before, but I repeat, from 1932 to 1952 the tariff, which I do not oppose as long as it is reasonable, in this country cost us, the taxpayers and consuming public, $10.8 billion. The subsidy for farm support prices during that same period cost us $1.2 billion.

I have always gone along with you ladies and gentlemen in regard to your justified subsidies. You have made in my judgment an excellent case here. I would hope and, yes, I pray that when we come along with the farm program, if we make a good, reasonable case and show that farmers are entitled to it, help us out. We need it, just as the fishing industry needs it. Yes, you made an excellent case. You do need it, and we need it. So help us out, too. I will stay with you; you stay with us as long as we are both right.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. MORRIS of Oklahoma. I yield to the gentleman.

Mr. BAILEY. I should like to say to the distinguished gentleman from Oklahoma that I feel somewhat as he does. I think they have a problem in New England and from my leadership in the effort to do something about our reciprocal trade policies I know all about the fisheries situation, not only on the east coast, but on the west coast. I am in sympathy with what you are trying to do, but there is one weakness in your proposition, gentleman, and I feel I would be remiss in my duty if I failed to point it out to you. The President has the authority to appoint the members of the Tariff Commission. His last two appointments have been men who have in recent decisions of the Tariff Commission quit finding unanimous decisions in favor of any industry. The President has it in his authority to take control over that because he can name the members of the Tariff Commisison, and I would say by the end of 1 or possibly 2 years, you will not get a favorable ruling out of the Tariff Commission for any industry because it will be handmade by the President, and he is opposed to being overridden on these matters. So your bill, of course, only applies to cases where the Tariff Commission has given a favorable ruling under the application of the escape clause.

Mr. MORRIS of Oklahoma. I thank the gentleman for his contribution. I hope there will be very little or no opposition to this bill. This is a good bill.

Mr. BONNER. Mr. Chairman, I ask unanimous consent that all Members desiring to do so may extend their own remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. BOLAND. Mr. Chairman, I rise in support of this legislation sponsored by my distinguished colleagues from Massachusetts, Congressmen MACDONALD, O'NEILL, BATES, and LANE, to provide a program of assistance to correct inequities in fishing vessels construction and to help the fishing industry to regain a favorable economic status.

The New England fishing industry in particular has been a very "sick" industry for many years, not because New England fishermen lack ingenuity, initiative or the will to do hard work, but because of foreign competition. Under existing law, these fishermen must contract to buy new fishing vessels in the United States at costs ranging up to 50 percent higher than fishing vessels constructed in foreign countries. Construction of the foreign fishing vessels is subsidized by the respective foreign governments. They are very modern. I recently saw a television program showing how these vessels not only catch fish, but they have facilities to clean, pack, and store them.

Mr. Chairman, New England has had a great fishing industry ever since the first English settlers landed at Plymouth, Mass. The Pilgrims and early colonists depended upon the sea for much of their food. Shipyards sprung up in every New England port, and hundreds of these small vessel shipyards still exist. These shipyards have also been plagued by the problems of the fishing industry because fishermen have not been able to bear the heavy costs of renovation and new construction of fishing vessels. This legislation will offer a subsidy of up to 33 percent for construction of these vessels. The bill will not only revitalize the fishing industry but it will help the small-boat yards that normally engage in this type of construction.

Mr. BOYKIN. Mr. Chairman, our fisheries are in very poor condition because of low-cost foreign competition. Not only are labor costs abroad less than ours but the cost of construction of fishing vessels and equipment is substantially less. The Japanese, Canadians, Icelanders, and Britons are able to lay down fish on our shores at prices less than our own fishermen can deliver. The tariff on fish is ridiculously low, and although proceedings have been taken under the Trade Assistance Agreements Act for relief against foreign competition, the administration has refused to consider the plight of our industry. New England in particular has been hard hit. Its fleet is growing older, its costs are rising, and its markets are fading in the face of cheap foreign fish.

Various suggestions have been made to assist this essential industry, and the one with the greatest merit is embodied in this bill. It is designed to modernize the fleets with the effect of reducing production costs so as to enable the New England industry to compete on more favorable terms. The necessity for new fishing vessels has been recognized by the administration, but it proposed that the fishermen be permitted to obtain vessels from lower cost foreign yards. Under the present law only American-built fishing vessels are permitted in the American fishery, and the effect of the administration proposal would be to ruin our domestic small boat building industry.

For this reason I, and the other members of the Merchant Marine Committee, substituted the present bill which authorizes the payment of a construction differential subsidy up to one-third of the cost of the vessel which will be constructed in an American yard. The bill presents no departure from existing practice, in that it is patterned after the Merchant Marine Act of 1936, which has resulted in the construction of our present merchant fleet. It requires that vessels built under its terms be used in the fishery for which the subsidy is paid, and that in the event that the Government acquires the vessel in time of emergency that only the depreciated book value be paid. It is limited by its terms to a period of 3 years, and calls for the expenditure of not over $1 million per year.

I believe that the bill will be successful in building up this essential industry at the least cost to the Government.

Mr. DONOHUE. Mr. Chairman, this legislation before us, H.R. 5421, to provide assistance to segments of the fishing industry that have suffered undue hardship because of the operation of our reciprocal trade policy is of vital importance to a large, but long neglected, part of our citizenry.

It has particular significance to the members of the New England fishing industry, who have a long and illustrious record, through many generations, of patriotic service and sacrifice in defense and preservation of their country's freedoms.

The evidence that has been presented to this House in proof of the extreme hardships imposed upon these patriotic people and in demonstration of their vital need of Federal assistance for competitive survival is overwhelming. There can exist no doubt of their long sufferings and economic deprivations due entirely to the adverse operation of our reciprocal trade program. The President himself has repeatedly expressed his conviction that appropriate remedies should be applied whenever any large portion of our economic society is beset by financial difficulties, through no fault of their own, by reason of competitive strangulation brought about by foreign importations.

That is exactly the unhappy and unjust situation facing the New England fishing industry today. The assistance provided for in this bill is moderate; the time during which it will apply is limited; the program is safeguarded against all possible abuses and will be strictly supervised by the Secretary of the Interior, as well as the Maritime Administrator.

The need of the fishing industry is urgent and the measure of aid proposed is reasonable, in the national interest. I earnestly hope that my colleagues here will unanimously approve this bill without delay.

Mr. BERRY. Mr. Chairman, during the past week we have witnessed in this body the growing decline of the free enterprise system in America.

When we consider that the economy of the Nation consists solely of the production and removal, the processing, transportation, reprocessing and disposal of the basic raw materials which come from the fields, the mines, or the sea, we understand how important these basic raw materials are.

Within the past week the House has acted upon three bills, either enacting, extending, or anticipating a subsidy program to prevent domestic production of the three basic raw materials from being completely destroyed by cheap foreign imports:

First. Thursday of last week we extended Public Law 480 by which the U.S. Treasury, through gift, barter, or exchange for foreign currencies which are then spent in that country, disposes of domestic farm production acquired under the so-called agricultural subsidy program. This is a program carried on to purchase domestic agricultural products displaced by cheap foreign imports.

Second. Monday we had on the floor a resolution in which Congress asked the executive branch to submit a program for the solution of the domestic mining industry, which industry has been displaced through cheap foreign imports.

Third. Today we are considering a subsidy for the fishing industry, which is the first step in an overall subsidy program to save the fishing industry from being completely displaced through cheap foreign imports.

THE PATTERN

In order that we may have a clearer picture of what is shortly in store for the mining and fishing industries, let us look at the purpose and operation of the agricultural program. Last year we imported $3.9 billion worth of agricultural commodities. These commodities were placed on the domestic market and went directly to the dinner tables of the homes across the Nation.

Those basic raw materials coming from the fields of the Nation were made surplus by the displacement of millions of acres of domestic production through these foreign imports. The Nation was faced with two alternatives, either to stop imports or to buy up the displaced domestic production. The Federal Treasury purchased this displaced farm production, which we term surplus. It is surplus only because it has been supplanted by imports.

In order to dispose of this mounting surplus, the taxpayers through Public Law 480 gave away last year, either directly or indirectly, $1.5 billion worth. Through the International Wheat Agreement and other such programs, the taxpayers subsidized the sale on the world market of another $1.2 billion. This was subsidized at the rate of about 50 cents per bushel on wheat and a related figure on other grains. The rate has been 6 cents per pound on cotton; it has now gone to 8 cents per pound.

In other words, $2.7 billion of the $4 billion agricultural exports from the United States last year were either given away or the sale was very highly subsidized in order to make room for the $3.9 billion of agricultural imports.

OTHER BASIC MATERIALS

The domestic mining industry is in much worse shape than the domestic agricultural industry because foreign mineral imports can be indefinitely stockpiled. If, however, the domestic industry is to be preserved, even on a standby basis, the taxpayers must buy the domestic production at a cost of production subsidized price and then arrange some program similar to Public Law 480 to give away that which is produced in this country.

The fishing industry faces the same fate. Cheap foreign imports have supplanted the best efforts of the domestic industry on both coasts. Either the taxpayers step in or the fisheries step out.

THE PROBLEM

You ask why a great industrial country like America, with the best means of production that modern science can produce and with a class of labor that is the most efficient in the world, cannot meet competition from abroad.

The first answer is that the American farmer, the American miner, and the American fisheries are given a serious handicap before they can even enter the race of free world competition.

The American taxpayer, which includes every farmer, every miner, everyone engaged in the fisheries, every processing industry and every laborer, must first pay his pro rata share of defense, not just the defense of America, but the defense of the entire free world. This defense is the first handicap placed upon domestic industry and labor.

The bill for the defense of the free world is approximately $40 billion annually. Broken down on a per capita basis, this annual expense amounts to $800 for every family in America. This $800 must be added to the production cost of every pound of food, every ton of mineral, and every item of clothing or product of industry which is produced domestically.

The foreign producer and foreign laborer has no defense item to add to his product—we defend them.

The domestic producer must raise another $3 to $3.5 billion annually for foreign aid. This amounts to from $70 to $75 annually for every family in the Nation. This amount is not only given to our agricultural and industrial competitors to maintain their defense, but to their governments as well to help keep them solvent, to help run their schools, to build roads, powerplants, irrigation projects and every other item of their national expense.

Certainly these people can work for lower wages when the American taxpayer not only foots the bill for their defense but contributes toward the operation of their governmental functions and then puts $1.5 billion worth of food on their tables free of cost.

Can any degree of efficiency, can any technical development meet this kind of competition?

THE SOLUTION

In 1936 the Congress of the United States passed a minimum wage and maximum hour law so that one section of the Nation would not have an unfair advantage over the other in trade moving in interstate commerce.

The countries of the world are closer today than were the States in 1936. If wage-and-hour legislation was necessary

then for fair interstate trade, worldwide wage and hour standards are just as important today in international trade.

This, you say, is not possible. You likewise contend it is not possible to require the other nations of the free world to contribute their proportionate share of the cost of free world defense. But, Mr. Chairman, it is possible to require them to make their proportionate contribution at least on the products they export into the United States.

Call this an equalization tax or a defense tax, or call it what you please; if they expect the American taxpayer to be their consumer, then they must contribute toward the terrific burden being carried by that consumer as a free world taxpayer.

I do not advocate a punitive tariff; I do not advocate a destructive tariff; I do not advocate a tariff which would place an import wall around the Nation, but I do contend that the Treasury of this Nation cannot long continue to defend the free world, raise their standard of living by subsidizing their governments, financing agricultural, mining, and industrial development in competition to ours, place free food upon their tables, and then subsidize American agriculture, American mining, American labor, and American industry when these foreign products, produced through these unfair competitive means, idle the domestic producers.

The defense of their countries is as important to them as it is to us. Trade with us is vital to them. I see no other means of requiring them to carry even a portion of their share, except to place an import tax upon food, goods, and products imported in competition with domestic production.

The patient is dying with a malignant import cancer. Congress continues to treat the patient by placing bandages over the open sores, but does nothing about the malignancy. It is Congress and Congress alone that is to blame for this condition. When will it face up to the facts and assume the responsibility required of it by the Constitution?

Mr. BONNER. Mr. Chairman, I have no further requests for time.

Mr. TOLLEFSON. Mr. Chairman, I have no further requests for time.

Mr. PHILBIN. Mr. Chairman, will the gentleman yield?

Mr. BONNER. I yield.

Mr. PHILBIN. Mr. Chairman, I strongly support this bill and urge the House to enact it without further delay. I thank and compliment the very able chairman and the members of the committee for bringing the bill to the floor.

I was especially touched and impressed by the brilliant, logical, persuasive speech of my dear and distinguished friend the very able and amiable gentleman from Massachusetts [Mr. BATES] whose persistent, long-continued work has contributed so materially to securing urgently needed relief for the harrassed and afflicted American fishing industry.

I am pleased to commend particularly my dear friend and very able colleage, the distinguished gentleman from Massachusetts [Mr. MACDONALD], a stanch, effective advocate and promoter of this meritorious bill. His speech and valuable work have been most praiseworthy.

The case for the bill is overwhelming. It will have strong general support in the House as it deserves to have.

Underlying the drastic need for the bill is the reciprocal trade treaty law which has by its operation created cutthroat foreign competition in this great, vital industry just as it has in other major American industries. Congress must now provide relief from this most unsound and harmful law.

This bill is designed to help an industry in this country and workers in this country beset by oppressive, destructive, foreign competition which absolutely prohibits the procurement of adequate modern vessels and equipment.

There are many precedents for this type of assistance in the present mutual aid program, except that under that law the benefits and assistance go to foreign industries and foreign workers. In all fairness and justice our domestic industries and workers are entitled to consideration and help when they need it so urgently as in this instance of the fishing industry.

This bill is not an open panacea to correct all the ills and problems of the industry. But it will do much to promote economical operation and modernization, and make the industry better fitted to combat the vicious undercutting and cutthroat competition now prevailing.

The fact of the matter is that this legislation is imperative if the fishing industry is to remain in substantial existence. Unless this aid is forthcoming it is only a question of time when the American fishing industry will be faced with a truly grave prospect—further liquidation, and in the end ultimate ruin—another victim of reciprocal trade laws.

I appeal fervently with the House to pass this bill and thus preserve the great American fishing industry and its many faithful workers and their families who look to the Congress so hopefully and pleadingly for speedy relief from the intolerable conditions which now confront them.

The CHAIRMAN. Pursuant to the rule, the Clerk will read the substitute committee amendment printed in the reported bill as an original bill for the purpose of amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in order to assist certain depressed segments of the fishing industry the Secretary of the Interior is hereby authorized to pay in accordance with this Act a subsidy for the construction of fishing vessels in the shipyards of the United States.

SEC. 2. Any citizen of the United States may apply to the Secretary for a construction subsidy to aid in construction of a new fishing vessel in accordance with this Act. No such application shall be approved by the Secretary unless he determines that (1) the plans and specifications for the fishing vessel are suitable for use in the fishery in which that vessel will operate, (2) that the applicant possesses the ability, experience, resources, and other qualifications necessary to enable him to operate and maintain the proposed new fishing vessel, and (3) the granting of the subsidy is reasonably calculated to replace lost, damaged, worn out, or obsolete fishing vessels by the owners thereof, and such other conditions as the Secretary may consider to be in the public interest.

SEC. 3. If the Secretary, in the exercise of his discretion, determines that the granting of the subsidy applied for is reasonably calculated to carry out the purposes of this Act, he may approve such application and enter into a contract or contracts with the applicant which will provide for payment by the United States of a construction subsidy in accordance with the purposes and provisions of this Act and in accordance with any other conditions or limitations which may be prescribed by the Secretary.

SEC. 4. A construction subsidy shall be granted under this Act only to assist in the construction of a fishing vessel to be operated in a fishery suffering injury from which escape clause relief has been recommended by the Tariff Commission under the Trade Agreements Assistance Act of 1951, as amended (65 Stat. 74), but where such relief has been or is hereafter denied under section 7(c) of such Act.

SEC. 5. The construction subsidy which the Secretary may pay with respect to any fishing vessel under this Act shall be an amount equal to the difference, as determined by the Maritime Administrator, between the cost of constructing such vessel in a shipyard in the United States based upon the lowest responsible domestic bid for the construction of such vessel and the estimated cost, as determined by the Maritime Administrator, of constructing such vessel under similar plans and specifications in a foreign shipbuilding center which is determined by the Maritime Administrator to furnish a fair and representative example for the determination of the estimated total cost of constructing a vessel of the type proposed to be constructed, but in no event shall the subsidy exceed 33⅓ per centum of the cost of constructing such vessel in a shipyard in the United States based upon the lowest responsible dometic bid. For the purposes of this section, the Maritime Administrator shall determine, and certify to the Secretary, the lowest responsible domestic bid.

SEC. 6. Any fishing vessel for which a construction subsidy is paid under this Act shall be constructed under the supervision of the Maritime Administrator. No construction subsidy shall be paid by the Secretary under this Act unless all contracts between the applicant for such subsidy and the shipbuilder who is to construct such vessel contain such provisions with respect to the construction of the vessel as the Maritime Administrator determines necessary to protect the interests of the United States.

SEC. 7. All construction with respect to which a construction subsidy is granted under this Act shall be performed in a shipyard in the United States as a result of competitive bidding, after due advertising, with the rights reserved in the applicant, and in the Maritime Administrator, to disapprove any or all bids. In all such construction the shipbuilder, subcontractor, material men, and suppliers shall use, so far as practicable, only articles, materials, and supplies of the growth, production, and manufacture of the United States as defined in paragraph K of section 401 of the Tariff Act of 1930. No shipbuilder shall be deemed a responsible builder unless he possesses the experience, ability, financial resources, equipment, and other qualifications necessary properly to perform the proposed contract. The submitted bid shall be accompanied by all detailed estimates on which it is based, and the Maritime Administrator may require that the builder or any subcontractor submit any other pertinent data relating to such bids.

SEC. 8. (a) Every contract executed by the Secretary pursuant to section 3 of this Act shall provide that in the event the United States shall, through purchase or requisition, acquire ownership of any fishing vessel on which a construction subsidy was paid, the owner shall be paid therefor the value thereof, but in no event shall such payment exceed the actual depreciated construction cost thereof (together with the actual depreciated cost of capital improvements thereon) less the depreciated amount of construction subsidy therefore paid incident to the construction of such vessel, or the fair and reasonable scrap value of such vessel as determined by the Maritime Administrator, whichever is the greater. Such determination shall be final. In computing the depreciated value of such vessel, depreciation shall be computed on each vessel on the schedule accepted or adopted by the Internal Revenue Service for income tax purposes.

(a) The provisions of subsection (a) of this section relating to the requisition or the acquisition of ownership by the United States shall run with the title of each fishing vessel and be binding on all owners thereof.

SEC. 9. If any fishing vessel is operated during its useful life, as determined by the Secretary, in any fishery other than the particular fishery for which it was designed the owner of such vessel shall repay to the Secretary, in accordance with such terms and conditions as the Secretary shall prescribe, an amount which bears the same proportion to the total construction subsidy paid under this Act with respect to such vessel as the proportion that the number of years during which such vessel was not operated in the fishery for which it was designed bears to the total useful life of such vessel as determined by the Secretary for the purposes of this section. Obligations under this provision shall run with the title to the vessel.

SEC. 10. The Secretary shall make such rules and regulations as may be necessary to carry out the purposes of this Act.

SEC. 11. As used in this Act the terms—

(1) "Secretary" means the Secretary of the Interior,

(2) "fishing vessel" means any vessel designed to be used in catching fish, processing or transporting fish loaded on the high seas, or any vessel outfitted for such activity,

(3) "citizen of the United States" includes a corporation, partnership, or association if it is a citizen of the United States within the meaning of section 2 of the Shipping Act, 1916, as amended,

(4) "construction" includes designing, inspecting, outfitting, and equipping, and

(5) "Maritime Administrator" means the Maritime Administrator in the Department of Commerce.

SEC. 12. There is authorized to be appropriated annually the sum of $1,000,000 to carry out the purposes of this Act.

SEC. 13. The authority to grant subsidies hereunder shall expire three years from the effective date of this Act.

Mr. TOLLEFSON (during the reading of the committee amendment). Mr. Chairman, I ask unanimous consent that the further reading of the committee amendment be dispensed with, and that it be open for amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

The CHAIRMAN. Are there any amendments to the committee amendment?

The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. CARNAHAN, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 5421) to provide a program of assistance to correct inequities in the construction of fishing vessels and to enable the fishing industry of the United States to regain a favorable economic status, and for other purposes, pursuant to House Resolution 349, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken.

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

The SPEAKER. Evidently a quorum is not present.

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

The question was taken; and there were—yeas 272, nays 108, not voting 55, as follows:

[Roll No. 145]

YEAS—272

Abernethy	Celler	Forand
Addonizio	Chelf	Forrester
Albert	Chenoweth	Fountain
Alexander	Clark	Frazier
Alford	Coad	Friedel
Anfuso	Coffin	Gallagher
Ashley	Cohelan	Garmatz
Aspinall	Colmer	Gathings
Auchincloss	Conte	Gavin
Ayres	Cook	George
Bailey	Cooley	Giaimo
Baker	Corbett	Glenn
Baldwin	Curtin	Granahan
Barrett	Curtis, Mass.	Grant
Barry	Daddario	Gray
Bates	Daniels	Green, Pa.
Baumhart	Davis, Ga.	Griffiths
Beckworth	Davis, Tenn.	Gubser
Bennett, Fla.	Dawson	Hagen
Bennett, Mich.	Delaney	Hall
Blatnik	Dent	Halleck
Blitch	Diggs	Hardy
Boland	Dingell	Hargis
Bolling	Dollinger	Harmon
Bonner	Donohue	Harris
Bowles	Dooley	Hays
Boykin	Dorn, N.Y.	Healey
Boyle	Dorn, S.C.	Hébert
Brademas	Downing	Hemphill
Breeding	Doyle	Herlong
Brewster	Dulski	Holifield
Brooks, La.	Durham	Holland
Brooks, Tex.	Everett	Holtzman
Brown, Ga.	Evins	Horan
Brown, Mo.	Fallon	Hosmer
Broyhill	Farbstein	Huddleston
Burdick	Fascell	Hull
Burke, Ky.	Fenton	Ikard
Burke, Mass.	Fisher	Inouye
Byrne, Pa.	Flood	Irwin
Cahill	Flynn	Jarman
Carnahan	Flynt	Jennings
Casey	Foley	Jensen
Johnson, Calif.	Metcalf	Rogers, Tex.
Johnson, Md.	Meyer	Rooney
Johnson, Wis.	Miller, Clem	Roosevelt
Jones, Ala.	Miller, George P.	Rostenkowski
Judd	Milliken	Rutherford
Karsten	Mills	Santangelo
Karth	Mitchell	Scott
Kasem	Moeller	Selden
Kastenmeier	Monagan	Shelley
Kee	Moorhead	Sheppard
Keith	Morgan	Shipley
Kelly	Morris, N. Mex.	Sisk
Keogh	Morris, Okla.	Slack
Kilday	Morrison	Smith, Iowa
Kilgore	Multer	Staggers
King, Calif.	Murphy	Steed
King, Utah	Murray	Stratton
Kirwan	Natcher	Stubblefield
Kitchin	Nix	Sullivan
Kluczynski	Norblad	Taber
Kowalski	Norrell	Teller
Landrum	O'Hara, Ill.	Thomas
Lane	O'Neill	Thompson, La.
Lankford	Oliver	Thompson, N.J.
Latta	Patman	Thompson, Tex.
Lennon	Pelly	Thornberry
Lesinski	Perkins	Toll
Levering	Pfost	Tollefson
Libonati	Philbin	Trimble
McCormack	Porter	Udall
McDowell	Preston	Ullman
McFall	Price	Utt
McGinley	Prokop	Vinson
McGovern	Pucinski	Wallhauser
McIntire	Quigley	Walter
McMillan	Rains	Watts
McSween	Randall	Weis
Macdonald	Reuss	Whitener
Mack, Ill.	Rhodes, Ariz.	Whitten
Mack, Wash.	Riley	Willis
Madden	Rivers, Alaska	Wilson
Magnuson	Rivers, S.C.	Withrow
Mahon	Roberts	Wolf
Mailliard	Rodino	Wright
Martin	Rogers, Colo.	Young
Matthews	Rogers, Fla.	Younger
May	Rogers, Mass.	Zablocki
Merrow		Zelenko

NAYS—108

Abbitt	Feighan	O'Konski
Alger	Fino	Osmers
Allen	Frelinghuysen	Ostertag
Anderson, Mont.	Fulton	Pirnie
Ashmore	Gary	Poff
Avery	Goodell	Quie
Baring	Griffin	Ray
Barr	Gross	Rees, Kans.
Bass, N.H.	Haley	Rhodes, Pa.
Becker	Halpern	Riehlman
Bentley	Hechler	Robison
Berry	Henderson	Roush
Betts	Hess	St. George
Bosch	Hiestand	Saylor
Bow	Hoeven	Schenck
Bray	Hoffman, Ill.	Scherer
Brock	Johansen	Schwengel
Broomfield	Johnson, Colo.	Short
Brown, Ohio	Jonas	Simpson, Ill.
Budge	Kearns	Simpson, Pa.
Burleson	Knox	Smith, Calif.
Bush	Lafore	Smith, Kans.
Byrnes, Wis.	Laird	Smith, Va.
Cederberg	Langen	Springer
Chamberlain	Lindsay	Teague, Tex.
Chiperfield	Lipscomb	Thomson, Wyo.
Church	McCulloch	Tuck
Collier	McDonough	Vanik
Cunningham	Marshall	Van Pelt
Curtis, Mo.	Meader	Van Zandt
Dague	Michel	Wainwright
Derounian	Minshall	Weaver
Devine	Moore	Wharton
Dixon	Moss	Widnall
Dowdy	Mumma	Wier
Dwyer	Nelsen	
	O'Hara, Mich.	

NOT VOTING—55

Adair	Derwinski	Miller, N.Y.
Andersen, Minn.	Edmondson	Montoya
Andrews	Elliott	Moulder
Arends	Fogarty	O'Brien, Ill.
Barden	Ford	O'Brien, N.Y.
Bass, Tenn.	Green, Oreg.	Passman
Belcher	Harrison	Pilcher
Boggs	Hoffman, Mich.	Pillion
Bolton	Hogan	Poage
Buckley	Holt	Powell
Canfield	Jackson	Rabaut
Cannon	Jones, Mo.	Reece, Tenn.
Carter	Kilburn	Saund
Cramer	Loser	Sikes
Denton	Machrowicz	Siler
	Mason	Smith, Miss.

Spence	Wampler	Winstead
Taylor	Westland	Yates
Teague, Calif.	Williams	

So the bill was passed.

The Clerk announced the following pairs:

Mr. Boggs with Mr. Arends.
Mr. Carter with Mr. Mason.
Mr. Machrowicz with Mr. Kilburn.
Mr. Fogarty with Mr. Taylor.
Mr. Montoya with Mr. Siler.
Mr. Pilcher with Mrs. Bolton.
Mr. Elliott with Mr. Belcher.
Mrs. Green or Oregon with Mr. Ford.
Mr. O'Brien of New York with Mr. Cramer.
Mr. Powell with Mr. Reece of Tennessee.
Mr. Sikes with Mr. Miller of New York.
Mr. Harrison with Mr. Jackson.
Mr. Hogan with Mr. Hoffman of Michigan.
Mr. Buckley with Mr. Pillion.
Mr. Loser with Mr. Westland.
Mr. Moulder with Mr. Teague of California.
Mr. Williams with Mr. Derwinski.
Mr. Winstead with Mr. Andersen of Minnesota.
Mr. Rabaut with Mr. Canfield.
Mr. Denton with Mr. Adair.

Mr. FEIGHAN and Mrs. DWYER changed their vote from "yea" to "nay."

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

SPOKANE VALLEY PROJECT

Mr. ASPINALL submitted a conference report and statement on the bill (S. 994) to authorize the Secretary of the Interior to construct, operate, and maintain the Spokane Valley project, Washington and Idaho, under Federal reclamation laws.

COAL RESEARCH AND DEVELOPMENT

Mr. ASPINALL submitted a conference report and statement on the bill (H.R. 6596) which would encourage and stimulate the production and conservation of coal in the United States through research and development by creating a Coal Research and Development Commission, and for other purposes.

PROVIDING FOR CONSTRUCTION, ALTERATION, AND ACQUISITION OF PUBLIC BUILDINGS OF THE FEDERAL GOVERNMENT

Mr. JONES of Alabama. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 7645) to provide for the construction, alteration, and acquisition of public buildings of the Federal Government, and for other purposes, with an amendment of the Senate thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert "That this Act may be cited as the 'Public Buildings Act of 1959'.

"SEC. 2. No public building shall be constructed except by the Administrator, who shall construct such public building in accordance with this Act.

"SEC. 3. The Administrator is authorized to acquire, by purchase, condemnation, donation, exchange, or otherwise, any building and its site which he determines to be necessary to carry out his duties under this Act.

"SEC. 4. (a) The Administrator is authorized to alter any public building, and to acquire in accordance with section 5 of this Act such land as may be necessary to carry out such alteration.

"(b) No approval under section 7 shall be required for any alteration and acquisition authorized by this section the estimated maximum cost of which does not exceed $200,000.

"SEC. 5. (a) The Administrator is authorized to acquire, by purchase, condemnation, donation, exchange, or otherwise, such lands or interests in lands as he deems necessary for use as sites, or additions to sites, for public buildings authorized to be constructed or altered under this Act.

"(b) Whenever a public building is to be used in whole or in part for post office purposes the Administrator shall act jointly with the Postmaster General in selecting the town or city wherein such building is to be constructed, and in selecting the site in such town or city for such building.

"(c) Whenever the Administrator is to acquire a site under this section, he may, if he deems it necessary, solicit by public advertisement, proposals for the sale, donation, or exchange of real property to the United States to be used as such site. In selecting a site under this section the Administrator (with the concurrence of the Postmaster General if the public building to be constructed thereon is to be used in whole or in part for post office purposes) is authorized to select such site as in his estimation is the most advantageous to the United States, all factors considered, and to acquire such site without regard to title III of the Federal Property and Administrative Services Act of 1949, as amended.

"SEC. 6. (a) Whenever the Administrator deems it to be in the best interest of the United States to construct a new public building to take the place of an existing public building, he is authorized to demolish the existing building and to use the site on which it is located for the site of the proposed public building, or, if in his judgment it is more advantageous to construct such public building on a different site in the same city, he is authorized to exchange such building and site, or such site, for another site, or to sell such building and site in accordance with the provisions of the Federal Property and Administrative Services Act of 1949, as amended.

"(b) Whenever the Administrator determines that a site acquired for the construction of a public building is not suitable for that purpose, he is authorized to exchange such site for another, or to sell it in accordance with the provisions of the Federal Property and Administrative Services Act of 1949, as amended.

"(c) Nothing in this section shall be deemed to permit the Administrator to use any land as a site for a public building if such project has not been approved in accordance with section 7.

"SEC. 7. (a) In order to insure the equitable distribution of public buildings throughout the United States with due regard for the comparative urgency of need for such buildings, except as provided in section 4, no appropriation shall be made to construct any public building or to acquire any building to be used as a public building involving an expenditure in excess of $100,000, and no appropriation shall be made to alter any public building involving an expenditure in excess of $200,000, if such construction, alteration, or acquisition has not been approved by resolutions adopted by the Committee on Public Works of the Senate and House of Representatives, respectively, and such approval has not been rescinded as provided in subsection (c) of this section. For the purpose of securing consideration of such approval the Administrator shall transmit to Congress a prospectus of the proposed project including (but not limited to)—

"(1) a brief description of the building to be constructed, altered, or acquired under this Act;

"(2) the location of the project, and an estimate of the maximum cost of the project;

"(3) a comprehensive plan for providing space for all Government officers and employees in the locality of the proposed project, having due regard for suitable space which may continue to be available in existing Government-owned buildings and in rented buildings;

"(4) a statement by the Administrator that suitable space owned by the Government is not available and that suitable rental space is not available at a price commensurate with that to be afforded through the proposed action; and

"(5) a statement of rents and other housing costs currently being paid by the Government for Federal agencies to be housed in the building to be constructed, altered, or acquired.

"(b) The estimated maximum cost of any project approved under this section as set forth in any prospectus may be increased by an amount equal to the percentage increase, if any, as determined by the Administrator, in construction or alteration costs, as the case may be, from the date of transmittal of such prospectus to Congress, but in no event shall the increase authorized by this subsection exceed 10 per centum of such estimated maximum cost.

"(c) In the case of any project approved for construction, alteration, or acquisition by the Committees on Public Works of the Senate and of the House of Representatives, respectively, in accordance with subsection (a) of this section, for which an appropriation has not been made within one year after the date of such approval, either the Committee on Public Works of the Senate or the Committee on Public Works of the House of Representatives, may rescind, by resolution, its approval of such project at any time thereafter before such an appropriation has been made.

"(d) The Committees on Public Works of the Senate and of the House of Representatives, respectively, shall not approve any project for construction, alteration, or acquisition under subsection (a) of this section whenever there are thirty or more projects the estimated maximum cost of each of which is in excess of $100,000 which have been approved for more than one year under subsection (a) but for which appropriations have not been made, until there has been a rescission of approval under subsection (c) or appropriations are made which result in there being less than thirty such projects.

"SEC. 8. (a) In carrying out his duties under this Act, the Administrator shall acquire real property within the District of Columbia exclusively within (1) the area bounded by E Street, New York Avenue, and Pennsylvania Avenue Northwest, on the north; Delaware Avenue Southwest, on the east; Virginia Avenue and Maryland Avenue projected in a straight line to the Tidal Basin, Southwest, on the south; and the Potomac River on the west (including properties within said area belonging to the District of Columbia; but excluding those portions of squares 267, 268, and 298 not belonging to the District of Columbia, the square known as south of 463, all of square 493, lots 16, 17, 20, and 21 and 808 in square 536, and lots 16 and 45 in square 635); and (2) the areas designated as squares 11, 19,

20, 32, 33, 44, 59, and 167, all of said areas being within the District of Columbia.

"(b) The purposes of this Act shall be carried out in the District of Columbia as nearly as may be practicable in harmony with the plan of Peter Charles L'Enfant and such public buildings shall be so constructed or altered as to combine architectural beauty with practical utility.

"(c) Whenever in constructing or altering a public building under this Act in the District of Columbia the Administrator determines that such construction or alteration requires the utilization of contiguous squares as a site for such building, such portions of streets as lie between such squares and such alleys as intersect such squares are authorized to be closed and vacated if such closing and vacating is mutually agreed to by the Administrator, the Board of Commissioners of the District of Columbia, and the National Capital Planning Commission. The portions of such streets and alleys so closed and vacated shall thereupon become part of such site.

"SEC. 9. The Administrator is authorized to carry out any construction or alteration authorized by this Act by contract, if he deems it to be most advantageous to the United States.

"SEC. 10. (a) The Administrator, whenever he determines it to be necessary, is authorized to employ, by contract or otherwise, and without regard to the Classification Act of 1949, as amended, or to the civil service laws, rules, and regulations, or to section 3709 of the Revised Statutes, the services of established architectural or engineering corporations, firms, or individuals, to the extent he may require such services for any public building authorized to be constructed or altered under this Act.

"(b) No corporation, firm, or individual shall be employed under authority of subsection (a) on a permanent basis.

"(c) Notwithstanding any other provision of this section the Administrator shall be responsible for all construction authorized by this Act, including the interpretation of construction contracts, the approval of materials and workmanship supplied pursuant to a construction contract, approval of changes in the construction contract, certification of vouchers for payments due the contractor, and final settlement of the contract.

"SEC. 11. (a) The Administrator shall submit to Congress each January, promptly after the convening of Congress, a report showing the location, space, cost, and status, of each public building the construction, alteration, or acquisition of which is to be under authority of this Act and which was uncompleted as of the date of the last preceding report made under this Act.

"(b) The Administrator and the Postmaster General are hereby authorized and directed to make such building project surveys as may be requested by resolution by either the Committee on Public Works of the Senate or the Committee on Public Works of the House of Representatives, and within a reasonable time shall make a report thereon to the Congress. Such report shall contain all other information required to be included in a prospectus of the proposed public building project under section 7(a) of this Act.

"SEC. 12. (a) The Administrator is authorized and directed to make a continuing investigation and survey of the public buildings needs of the Federal Government in order that he may carry out his duties under this Act, and, as he determines necessary, to submit to Congress prospectuses of proposed projects in accordance with section 7(a) of this Act.

"(b) In carrying out his duties under this Act the Administrator shall cooperate with all Federal agencies in order to keep informed of their needs, shall advise each such agency of his program with respect to such agency, and may request the cooperation and assistance of each Federal agency in carrying out his duties under this Act. Each Federal agency shall cooperate with, advise, and assist the Administrator in carrying out his duties under this Act as determined necessary by the Administrator to carry out the purposes of this Act.

"(c) The Administrator in carrying out his duties under this Act shall provide for the construction and acquisition of public buildings equitably throughout the United States with due regard to the comparative urgency of the need for each particular building.

"(d) Clause (1) of section 210(h) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 490(h)) is amended by striking out the words "ten years", and inserting in lieu thereof the words "twenty years".

"SEC. 13. As used in this Act—

"(1) The term 'public building' means any building, whether for single or multitenant occupancy, its grounds, approaches, and appurtenances, which is generally suitable for office or storage space or both for the use of one or more Federal agencies or mixed ownership corporations, and shall include: (i) Federal office buildings, (ii) post office, (iii) customhouses, (iv) courthouses, (v) appraisers stores, (vi) border inspection facilities, (vii) warehouses, (viii) record centers, (ix) relocation facilities, and (x) similar Federal facilities, and (xi) any other buildings or construction projects the inclusion of which the President may deem, from time to time hereafter, to be justified in the public interest; but shall not include any such buildings and construction projects: (A) on the public domain (including that reserved for national forests and other purposes), (B) on properties of the United States in foreign countries, (C) on Indian and native Eskimo properties held in trust by the United States, (D) on lands used in connection with Federal programs for agricultural, recreational, and conservation purposes, including research in connection therewith, (E) on or used in connection with river, harbor, flood control, reclamation or power projects, or for chemical manufacturing or development projects, or for nuclear production, research, or development projects, (F) on or used in connection with housing and residential projects, (G) on military installations (including any fort, camp, post, naval training station, airfield, proving ground, military supply depot, military school, or any similar facility of the Department of Defense), (H) on Veterans' Administration installations used for hospital or domiciliary purposes, and (I) the exclusion of which the President may deem, from time to time hereafter, to be justified in the public interest.

"(2) The term 'Administrator' means the Administrator of General Services.

"(3) The term 'Federal agency' means any executive agency or any establishment in the legislative or judicial branch of the Government (except the Senate, the House of Representatives, and the Architect of the Capitol and any activities under his direction).

"(4) The term 'executive agency' means any executive department or independent establishment in the executive branch of the Government including any wholly owned Government corporation and including (A) the Central Bank for Cooperatives and the regional banks for cooperatives, (B) Federal land banks, (C) Federal intermediate credit banks, (D) Federal home loan banks, (E) Federal Deposit Insurance Corporations, and (F) the Federal National Mortgage Association.

"(5) The term 'alter' includes repairing, remodeling, improving, or extending or other changes in a public building.

"(6) The terms 'construct' and 'alter' include preliminary planning, engineering, architectural, legal, fiscal, and economic investigations and studies, surveys, designs, plans, working drawings, specifications, procedures, and other similar actions necessary for the construction or alteration, as the case may be, of a public building.

"(7) The term 'United States' includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the possessions of the United States.

"SEC. 14. This Act shall not apply to the construction of any public building—

"(1) for which an appropriation for construction is made out of the $500,000 made available for construction of small public building projects outside the District of Columbia pursuant to the Public Buildings Act of May 25, 1926, as amended, in the third paragraph, or for which an appropriation is made in the fourth, sixth, seventh, and eighth paragraphs, under the heading 'GENERAL SERVICES ADMINISTRATION' in title I of the Independent Offices Appropriation Act, 1959,

"(2) which is a project referred to in the first proviso of the fifth paragraph under the heading 'GENERAL SERVICES ADMINISTRATION' in title I of the Independent Offices Appropriation Act, 1959,

"(3) for which an appropriation for direct construction by an executive agency other than the General Services Administration of a specified public building has been made before the date of enactment of this Act,

"(4) within the purview of title 8, United States Code, section 1252(c) or title 19, United States Code, section 68, as amended.

"SEC. 15. The performance, in accordance with standards established by the Administrator of General Services, of the responsibilities and authorities vested in him under this Act shall, except for the authority contained in section 4, upon request, be delegated to the appropriate executive agency where the estimated cost of the project does not exceed $100,000, and may be delegated to the appropriate executive agency where the Administrator determines that such delegation will promote efficiency and economy. No delegation of responsibility or authority made under this section shall exempt the person to whom such delegation is made, or the exercise of such responsibility or authority, from any other provision of this Act.

"SEC. 16. Nothing contained in this Act shall be construed to limit or repeal—

"(1) existing authorizations for the leasing of buildings by and for the use of the General Services Administration or the Post Office Department, or

"(2) the authorization for the improvement of public buildings contained in title III of the Act entitled "An Act to establish a postal policy, to adjust postal rates, to adjust the compensation of postal employees, and for other purposes", approved May 27, 1958 (72 Stat. 134; 39 U.S.C., secs. 1071, 1075).

"SEC. 17. The following provisions of law are repealed except as to the application to any project referred to in section 14:

"(1) The first sentence of section 6 of the Act entitled 'An Act making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ending June thirtieth, nineteen hundred and seventeen, and for other purposes', approved September 1, 1916 (40 U.S.C. 23).

"(2) The first sentence of the last paragraph under the side heading 'LIGHTING AND HEATING FOR THE PUBLIC GROUNDS' under the subheading 'UNDER ENGINEER DEPARTMENT' under the heading 'UNDER THE WAR DEPARTMENT' in the Act entitled 'An Act making appropriations for sundry civil expenses of the Government for the fiscal year ending June thirtieth, nineteen hundred and twelve, and for other purposes', approved March 4, 1911 (40 U.S.C. 24).

"(3) The proviso in the sixth paragraph under the side heading 'In the Office of the Comptroller of the Currency' under the heading 'TREASURY DEPARTMENT' in the Act entitled 'An Act making additional Appropriations and to supply the Deficiencies in the Appropriations for the Service of the Government for the fiscal Years ending June thirty, eighteen hundred and seventy, and June thirty, eighteen hundred and seventy-one, and for other Purposes', approved July 15, 1870 (40 U.S.C. 32).

"(4) Section 9 of the Act entitled 'An Act making appropriations for sundry civil expenses of the Government for the fiscal year ending June thirtieth, nineteen hundred and eight, and for other purposes', approved March 4, 1907, as amended (40 U.S.C. 33).

"(5) That part of the fourth from last paragraph under the subheading 'BUILDINGS AND GROUNDS IN AND AROUND WASHINGTON' under the heading 'UNDER THE WAR DEPARTMENT' in the Act entitled 'An Act making appropriations for sundry civil expenses of the government for the fiscal year ending June thirtieth, eighteen hundred and eighty-four, and for other purposes', approved March 3, 1883 (40 U.S.C. 59), as reads '; and all officers in charge of public buildings in the District of Columbia shall cause the flow of water in the buildings under their charge to be shut off from five o'clock postmeridian to eight o'clock antemeridian: *Provided*, That the water in said public buildings is not necessarily in use for public business'.

"(6) Section 2 of the Act entitled 'An Act to authorize the Secretary of the Treasury to suspend work upon the public buildings', approved June 23, 1874, as amended (40 U.S.C. 254).

"(7) The thirty-first and thirty-second paragraphs under the subheading 'PUBLIC BUILDINGS' under the heading 'UNDER THE TREASURY DEPARTMENT' in the Act entitled 'An Act making appropriations for sundry civil expenses of the Government for the fiscal year ending June thirtieth, eighteen hundred and ninety, and for other purposes'', approved March 2, 1889, as amended (40 U.S.C. 260 and 268).

"(8) The fifth from the last paragraph under the subheading 'PUBLIC BUILDINGS' under the heading 'UNDER THE TREASURY DEPARTMENT' in the Act entitled 'An Act making appropriations for sundry civil expenses of the Government for the fiscal year ending June thirtieth, nineteen hundred and ten, and for other purposes', approved March 4, 1909, as amended (40 U.S.C. 262).

"(9) The proviso in the fortieth paragraph under the subheading 'PUBLIC BUILDINGS' under the heading 'UNDER THE TREASURY DEPARTMENT' in the Act entitled 'An Act making appropriations for sundry civil expenses of the Government for the fiscal year ending June thirtieth, eighteen hundred and eighty-three, and for other purposes' approved August 7, 1882, as amended (40 U.S.C. 263).

"(10) The proviso in the last paragraph of section 5 of the Act entitled 'An Act to increase the limit of cost of certain public buildings, to authorize the enlargement, extension, remodeling, or improvement of certain public buildings, to authorize the erection and completion of public buildings, to authorize the purchase of sites for public buildings, and for other purposes', approved March 4, 1913 (40 U.S.C. 264).

"(11) Section 35 of the Act entitled 'An Act to increase the limit of cost of certain public buildings, to authorize the enlargement, extension, remodeling, or improvement of certain public buildings, to authorize the erection and completion of public buildings, to authorize the purchase of sites for public buildings, and for other purposes', approved June 25, 1910, as amended (40 U.S.C. 265).

"(12) Section 3734 of the Revised Statutes of the United States, as amended (40 U.S.C. 267).

"(13) The last paragraph under the subheading 'PUBLIC BUILDINGS' under the heading 'UNDER THE TREASURY DEPARTMENT' in the Act entitled 'An Act making appropriations for sundry civil expenses of the Government for the fiscal year ending June thirtieth, eighteen hundred and ninety-six, and for other purposes,' approved March 2, 1895, as amended (40 U.S.C. 274).

"(14) The second and fourth provisos in the paragraph with the side heading 'Furniture and repairs of furniture' under the subheading 'PUBLIC BUILDINGS, OPERATING EXPENSES' under the heading 'TREASURY DEPARTMENT' in the Act entitled 'An Act making appropriations for sundry civil expenses of the Government for the fiscal year ending June thirtieth, nineteen hundred and seventeen, and for other purposes', approved July 1, 1916, as amended (40 U.S.C. 275 and 282).

"(15) The fourth from the last paragraph under the subheading 'PUBLIC BUILDINGS' under the heading 'UNDER THE TREASURY DEPARTMENT' in the Act entitled 'An Act making appropriations for sundry civil expenses of the Government for the fiscal year ending June thirtieth, nineteen hundred and one, and for other purposes', approved June 6, 1900, as amended (40 U.S.C. 276).

"(16) That part of the proviso in the last paragraph under the subheading 'PUBLIC BUILDINGS' under the heading 'UNDER THE TREASURY DEPARTMENT' in the Act entitled 'An Act making appropriations for sundry civil expenses of the Government for the fiscal year ending June thirtieth, eighteen hundred and ninety-three, and for other purposes', approved August 5, 1892, as amended (40 U.S.C. 277), which reads ': nor shall thereafter be paid more than six dollars per day to any person employed outside of the District of Columbia, in any capacity whatever, whose compensation is paid from appropriations for public buildings in course of construction, but the Secretary of the Treasury may, in his discretion, authorize payment in cities of eighty thousand or more inhabitants of a sum not exceeding eight dollars per day for such purposes'.

"(17) So much of the eighth from the last paragraph under the subheading 'PUBLIC BUILDINGS' under the heading 'UNDER THE TREASURY DEPARTMENT' in the Act entitled 'An Act making appropriations for sundry civil expenses of the Government for the fiscal year ending June thirtieth, eighteen hundred and eighty-eight, and for other purposes', approved March 3, 1887, as amended (40 U.S.C. 278) as reads ', and hereafter where public buildings shall be completed with the exception of heating apparatus and approaches but one person shall be employed by the Government for the supervision and care of such building'.

"(18) Titles I and III and sections 401 and 406 of the Public Buildings Act of 1949 (40 U.S.C. 352, 353, 354, 297, 297a, 298, and 298c).

"(19) Except for sections 3 and 8, all of the Act entitled 'An Act to provide for the construction of certain public buildings, and for other purposes', approved May 25, 1926, as amended (40 U.S.C. 341 and the following).

"(20) The proviso in the next to last paragraph under the subheading 'MISCELLANEOUS PUBLIC BUILDINGS PROJECTS' under the heading 'TREASURY DEPARTMENT' in the Act entitled 'An Act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1928, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1928, and for other purposes', approved December 22, 1927 (40 U.S.C. 342a).

"(21) Section 3 of the Act entitled 'An Act authorizing the Secretary of the Treasury to acquire certain lands within the District of Columbia to be used as sites for public buildings', approved January 13, 1928, as amended (40 U.S.C. 348).

"(22) Subsections (c) and (e) of the Act entitled 'An Act to amend the Act entitled "An Act to provide for the construction of certain public buildings, and for other purposes," approved May 25, 1926 (Forty-fourth Statutes, page 630); the Act entitled "An Act to amend section 5 of the Act entitled 'An Act to provide for the construction of certain public buildings, and for other purposes,' approved May 25, 1926," dated February 24, 1928 (Forty-fifth Statutes, page 137); and the Act entitled "An Act authorizing the Secretary of the Treasury to acquire certain land within the District of Columbia to be used as space for public buildings," approved January 13, 1928 (Forty-fifth Statutes, page 51), approved March 31, 1930, as amended (40 U.S.C. 349 and 350a).

"(23) The Act entitled 'An Act to authorize the Secretary of the Treasury to accept donations of sites for public buildings', approved June 27, 1930, as amended (40 U.S.C. 350)."

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

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

INDEPENDENT OFFICES, MILITARY CONSTRUCTION, AND MUTUAL SECURITY APPROPRIATIONS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that it may be in order on Monday, August 31, for the Speaker to recognize a member of the Committee on Appropriations to move to suspend the rules and pass a continuing resolution.

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

Mr. GROSS. Mr. Speaker, reserving the right to object, a continuing resolution for what?

Mr. McCORMACK. On the independent offices, military construction, and mutual security appropriation bills, which must be acted on by August 31 to take effect on September 1. We have had one continuing resolution, but it is necessary to have another continuing resolution.

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

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

There was no objection.

LEGISLATIVE PROGRAM

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that it may be in order for the Consent Calendar to be called on Monday next prior to the suspensions, and for the Private Calendar to be called on Tuesday.

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

There was no objection.

EXTENSION OF REMARKS

Mr. HOLIFIELD. Mr. Speaker, I have a special order for today. I ask unanimous consent that I may revise and extend my remarks at that point in the RECORD.

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

There was no objection.

LEGISLATION TO CONTROL OR PROHIBIT THE SALE OR SERVING OF ALCOHOLIC BEVERAGES ON COMMERCIAL AIRLINES

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

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

There was no objection.

Mr. LANE. Mr. Speaker, in New England, last week, there was another incident that emphasized the need for preventing people who are under the influence of liquor from boarding planes. Furthermore, we must have legislation to control or prohibit the sale or serving of alcoholic beverages on commercial airliners. This person, by her wild charges, put all the passengers in fear of the safety of the plane, and in fear of their lives. The plane had to make an unscheduled stop in order to get rid of this passenger who evidently was under the influence of intoxicating liquors.

Our Nation has been altogether too careless concerning the serving of liquor aboard planes in flight. In fact, the various State governments have been lax about this matter.

It occurred to me to look into this, insofar as my home State of Massachusetts was concerned. "* * * the situation in Massachusetts is that railroads, steamship companies, and airlines may be authorized by permits to transport alcoholic beverages, but only railroads and steamship companies may be licensed to sell such beverages."

But what is to stop airlines from serving courtesy drinks? At this point I would like to quote from a letter I received from M. O. Pearce, field representative, Airline Stewards and Stewardesses Association, southern region, Miami Springs, Fla. "I respectfully submit, in short, that even though I am a firm believer in a sociable drink, liquor has no place on an airplane. The cabin of an airplane should have a wholesome family atmosphere for the many women and children who should have it but can't, because of the low-class barroom antics displayed by a few, motivated by the availability of liquor served aloft."

The situation in Massachusetts, and perhaps in other States as well, is that liquor may be transported aboard a commercial airliner, but may not be sold. What is to prevent a passenger from drinking what he transports or the airline from serving drinks from its own supply without benefit of sale? Should the airlines be required to have a State license if they are to sell alcoholic beverages on planes flying over Massachusetts?

In order to bring this question of State responsibility and State practice governing the serving of liquor aboard airliners to the fore, and to illustrate the need for uniform Federal legislation to eliminate the danger of such practices, I bring to your attention the following letter from Mr. William H. Hearn, secretary, the Alcoholic Beverages Control Commission of the Commonwealth of Massachusetts:

THE COMMONWEALTH OF MASSACHUSETTS,
Boston, August 14, 1959.

Hon. THOMAS J. LANE,
Seventh District, Massachusetts, Congress of the United States, House of Representatives, Washington, D.C.

DEAR CONGRESSMAN LANE: Your letter of August 7 has been received.

Under the provisions of chapter 138 of the general laws, as amended, the Liquor Control Act (copy of which is being sent you under separate cover), this commission is authorized to issue licenses for the sale of alcoholic beverages to railroads and to steamship companies. To date our legislature has not seen fit to authorize this commission to issue similar licenses to airlines. In the absence of specific legislative enactment authorizing such issuance none will issue.

The original provisions of our Liquor Control Act provided for issuance by the commission to railroads and to steamship companies of permits authorizing the transportation of alcoholic beverages. No such provision was made as regards airlines and we would not therefore issue such permits. However, a few years back the legislature enacted legislation authorizing us to issue permits for such transportation to airlines and since that time we have issued such permits upon application therefor.

Briefly, therefore, the situation in Massachusetts is that railroads, steamship companies, and airlines may be authorized by permits to transport alcoholic beverages but only railroads and steamship companies may be licensed to sell such beverages.

Trusting this is the information desired, we are,

Very truly yours,
WILLIAM H. HEARN,
Secretary, Alcoholic Beverages Control Commission.

THE INVITATION TO KHRUSHCHEV AND HOW IT HELPED COMMUNISM

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

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

There was no objection.

Mr. LANE. Mr. Speaker, there is a strange Australian weapon called the boomerang.

When you hurl it against an animal watch out.

If it misses the target it will circle back to strike you.

The invitation to Khrushchev is the personal, diplomatic boomerang of the century.

Intended to tame and domesticate Khrushchev, it had just the opposite effect that was not foreseen by the wishful thinkers before and for some time after "Desecration Day," September 15, 1959.

Khrushchev was delighted to visit the United States and scatter sweet promises of peace at strategic moments during his tour. In this he was unwittingly assisted by those who would shake hands with a grizzly bear if it would get their pictures into the papers.

Radiant good will was the window dressing presented to the people of the United States and the world, along the heavily guarded route of his triumphant tour.

Behind the scenes, however, and in secret conferences, host and guest both pounded the table, glared at each other as each tried to win the battle of words.

At intervals, well-screened and harmonizing announcements were made to raise false hopes. The American people settled back to enjoy a winter of complacency. The administration gained a time reprieve, although it was not clear that this respite would solve anything.

Meanwhile, the Soviet Union gained almost everything else.

Allied unity was weakened as Britain, France, and West Germany were reduced to junior partner status, and suspicions of a two-power deal between the United States and Soviet Russia persisted, in spite of solemn protestations that this was not so.

The Communist propaganda machine hailed the truce of coexistence won by the missionary efforts of Comrade Khrushchev, the apostle of peace. Officials in Washington were beginning to have vague doubts as to the sincerity of permanence of this political good will.

The captive peoples bowed their heads and resigned themselves to the peace of slavery. The words that came from Washington had lost all meaning when compared with the pictures posted on walls and kiosks everywhere that one turned, in Europe, Asia, Africa, and South America, showing free men and tyrants arm in arm.

In the new era of mutual trust that was being promoted by tranquilizers, certain people in the United States exerted pressure on our Government to abandon its overseas military bases to insure a tax cut. "Look what the money saved could do for business at home" they urged, looking shrewdly as far as the end of their respective noses.

Manufacturers were enthusiastic about a Government loan to Soviet Russia, for the purpose of buying whole plants and industrial processes from private enterprise in the United States: "Look at the profits we will make." They dismissed as visionary the warning that this might assist the power center of world communism to catch up with and surpass us in military strength and in economic competition.

The scales were tipped.

The neutral nations, and the backward nations, impressed by the world prestige won by Khrushchev, looked to him for leadership.

Communism had won a smashing propaganda victory.

That was only the beginning.

It is now 1960.

By confusing threats with innocent-appearing concessions, Khrushchev has finally prevailed upon the United States to become flexible and to make adjustments in its foreign policy. By withdrawing the Soviet garrison from East Berlin, and by transferring the capital

of East Germany from East Berlin to some other city, he has made it appear reasonable for the Western Allies to withdraw their troops from West Berlin. Thereby isolating the showcase of democracy—West Berlin—and cutting it off from West Germany, over 100 miles away.

The noose tightens.

This is not 1984.

It is only the spring of 1960.

But a presidential election is approaching in the United States; and, well, the main thing is to be victorious in November. Striving for the superficial and disarming appearance of peace is mistakenly calculated to win friends and influence people at the polls in 1960.

Let us return to the present.

"Desecration Day,"—September 15, 1959—is nearer than we realize.

It will postpone the firm decisions that should be made now.

This evasion of responsibilities today will confront us with far more difficult problems in 1960 or 1961.

For the invitation to Khrushchev, unknown to those who advocate it, is an invitation to communism.

PADRE JUNIPERO SERRA

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

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

There was no objection.

Mr. SHELLEY. Mr. Speaker, in the annals of the history of the United States, California is listed as the 31st State to be admitted into the Union in 1850. Even a hasty glimpse at the map reveals the tremendous territorial limits of the Golden State, which today is the second most populous of 50. Not a few of her problems and most of her achievements have been brought to the attention of the Congress of the United States.

What may be forgotten all too easily is that the area of the present State of California possesses a lengthy history, reaching as far back as 1542. The colorful portion of her Spanish tradition began 190 years ago. The saga of that glorious era is due radically to one holy man, a humble Franciscan priest, Padre Junipero Serra, who arrived in California on July 1, 1769.

In order to appreciate what the friar accomplished during his 15 years as a missionary in California, it must be remembered that he was in his 56th year when he founded Mission San Diego de Alcalá, a time of life when some contemplate retirement and all endeavor to slacken their pace. For Junipero, however, the 56th year of his life marked the realization of his most cherished dream: namely, to blaze a new trail for Christ, to pioneer infant missionary territory. Despite the weight of years and the burden of an ulcerated leg, he helped trace El Camino Real from San Diego in the south to San Francisco in the north. That entire distance he traversed on land five times in its entirety, traveling more than 5,000 miles. He is commonly acclaimed the founder of the first 9 missions; but when the full history of his association with Santa Barbara is studied carefully, he must be credited with 10 missions.

There in the Golden State he labored tirelessly, erecting the establishments, which still testify to his amazing skill and wholehearted zeal. Aborigines, unacquainted with the refinements of culture and uninterested in the amenities of civilization, he won to Christ and attached to Spain. With the assistance of artisans from Mexico he taught those simple creatures 51 trades. During his decade and a half in California almost 6,000 Indians were baptized and his priestly hands brought 5,307 of them to supernatural maturity in the sacrament of confirmation. Unselfish pastor of his flock, he shrank not from any challenge when the rights of the church and the welfare of his beloved neophytes were at stake. Patient in work, restless in zeal, he consented to relax only when the angel of death hovered over his simple pallet at his beloved Mission San Carlos Borromeo de Carmelo, August 28, 1784.

Next Friday accordingly, will mark the 175th anniversary of the saintly padre's death. In order to commemorate this memorable anniversary special ceremonies will be held in Statuary Hall here in the Nation's Capitol. The program will commence at 10 a.m. and will be held in front of the statue of California's apostle. I would take this occasion cordially to invite the entire membership of the House of Representatives to attend this memorable event, honoring California's first citizen and greatest pioneer, Padre Junipero Serra, O.F.M.

WELCOME TO AN OUTSTANDING NEW MEMBER

Mr. HECHLER. Mr. Speaker, I ask unanimous consent to extend my remarks in the body of the RECORD.

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

There was no objection.

Mr. HECHLER. Mr. Speaker, I want to join other Members of this House in extending a warm and heartfelt welcome to one of the most distinguished Members to enter this body, our new colleague from the new State of Hawaii, DANIEL K. INOUYE.

In DAN'S 34 years, he has established himself as a truly outstanding American, and his successes in every field he has undertaken offer visible proof of his courage, perseverance, integrity, and character.

DAN'S rise to State and National prominence is a case history in the fulfillment of the American dream which denies no freedom or opportunity to any citizen.

A volunteer in the much-honored 442d Regimental Combat Team, DAN INOUYE distinguished himself in the field of battle as he fought the forces of racial hatred and genocide in World War II. In the course of this war, he lost his right arm during action against the enemy.

It often is the severest test of a man to observe his reaction to great suffering or hardship. I think it is characteristic of DAN INOUYE that even as he lay in a hospital, recovering from this grievous wound that left him handicapped for life, he already had begun to plan for the future—a future that he was determined would not be denied him by any disability.

DAN went on to obtain a good education, and thus armed, became one of the most popular and effective members of Hawaii's Territorial Legislature and a fervent advocate of statehood.

When this long hard battle for statehood was won, DAN INOUYE appeared from the very start to be a "natural" candidate for one of the first elective offices with which our new State could honor its leaders.

It was not at all surprising, and a fitting tribute, that DAN INOUYE'S name led all the rest after the voting for the first new State offices. His overwhelming victory bears out the respect, trust, and affection which the people of Hawaii hold for this inspiring young man.

As Hawaii's first Member of the House, I am sure that DAN will work hard, serve well, and give his constituents a record of which both they and he can be proud.

In fact, it is possible that DAN established another "first" in his very first day here. It is unlikely that any other Member of this body has ever been singled out for attack by our Capital's leading newspaper after only 1 day on the job. However, while both the Washington Post and Times Herald and I may disagree with DAN'S position on home rule for the voteless citizens of the District of Columbia, I am sure that no one questions that DAN reached his conclusions and took his position thoughtfully, sincerely, and courageously.

The other day Representative INOUYE paid a visit to my office and joined with my office staff in a spirited discussion which demonstrated his grasp of the crucial problems which face the Nation.

In conclusion, I want to extend the warmest of welcomes to DAN INOUYE, and to say that I am firmly convinced that we are witnessing the beginning of the Federal career of an outstanding and promising legislator.

EXTENSION OF REMARKS

Mr. BROYHILL. Mr. Speaker, I have a special order for today. I ask unanimous consent to extend my remarks in the RECORD at that point and yield back the time.

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

There was no objection.

THE REQUIREMENTS OF UNITED STATES POLICY FOR ECONOMIC PROGRESS IN LATIN AMERICA

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

The SPEAKER. Is there objection to the request of the gentleman from New York.

There was no objection.

Mr. TELLER. Mr. Speaker, recent events have indicated that the United States has arrived at a critical juncture in its relations with Latin America. The southern part of our hemisphere is now in the process of an economic, political, and social revolution. The old order is melting under the heat being generated by the forces of an emergent modern society. In the next decades, Latin America will experience economic changes and political struggles which will go a very long way toward establishing its future political order and the attitude of its governments and peoples toward the United States and the rest of the free world.

The United States cannot afford to remain indifferent to this critical state of affairs. The price of inaction today is likely to be disaster tomorrow. If further deterioration in the Latin American situation is to be prevented, the United States must join with our southern neighbors in formulating and carrying out a dynamic program to promote their development as modern and free societies.

Until World War II, the United States considered Latin America as the most important area to our national interest. During World War II and the cold war, however, as the United States abandoned isolationism and assumed global responsibilities, our preoccupation with events in Europe, Asia, and the Middle East relegated Latin America to a secondary concern of United States foreign policy.

During the 1930's and World War II, our relations with Latin America were probably better than at any one other time. But when the war ended, the Latin Americans suddenly found themselves in the background. Prices for their raw material exports declined, while the products they bought from the United States skyrocketed in price. The Marshall plan was devoted exclusively to Europe. Throughout Latin America resentment mounted against the United States, as the accusation was bitterly and persistently propagated that this country was content to neglect the interests of its neighbors to the south.

These indignant feelings exploded with a tremendous shock when Vice President NIXON made his now famous trip to South America in April and May of last year. The hostile reception which our Vice President encountered was not directed against him personally, but against the Latin American policies of the United States—especially economic policies and what was considered the favoritism often shown toward dictators.

Despite the grave responsibilities of the United States in Europe, Asia, the Middle East, and Africa, Latin America is still extremely important to us. The worldwide cold war cannot be won in Latin America, but it is an area where important battles in the cold war can be lost.

The cold war is a struggle for preserving the independence of free and uncommitted countries and for strengthening the institutions that make life worth living for free men. These principles must be defended on our doorstep as well as in faraway places like West Berlin, Turkey, and Laos.

Without a spirit of cooperation between Latin America and the United States, without mutual respect and friendship, Latin America—or some countries in the area—may gravitate toward communism, neutralism, or an aggravated Yankeephobia. Anti-Americanism south of the border is as much to be feared as a favorable attitude toward the United States is to be desired. Until U.S. foreign policy takes into account the fact that Latin America is of enormous importance in the cold war and moves decisively in the direction of a dynamic program for helping the Latin American countries to solve some of their most urgent problems, Latin America is likely to become more and more of a weak link in the free world's chain of defenses.

The political, strategic, and economic importance of Latin America to the United States is apparent. The Panama Canal must be kept open in order that the United States can shift its forces from one theater to another in case of critical developments affecting our global commitments. The presence of hostile or anti-American governments in the Caribbean area would jeopardize this vital artery of the free world's defenses.

The products and markets of Latin America are important to both our military security and economic prosperity. Of the 77 articles listed as strategic materials for stockpiling in World War II, 30 are produced in Latin America. We get more than 90 percent of our quartz crystals, two-thirds of our antimony, more than half of our bauxite, half of our beryl, a third of our lead, and a quarter of our copper from Latin America. Zinc, tin, tungsten, manganese, petroleum, and iron ore are other raw materials which Latin America provides to the United States. Some of these minerals—like bauxite, iron ore, petroleum, and manganese—are becoming increasingly more important.

About one-third of all exports from the United States go to Latin America, and one-third of our imports come from this area. The trade between this country and Latin America now amounts to over $8 billion per year. U.S. receipts for exports of goods and services and net long-term investments were more than $6.8 billion in 1958. The United States paid about the same amount to Latin America for imports, net donations, and investments during last year.

U.S. private investments in Latin America now amount to $9½ billion. Since World War II, the Export-Import Bank has authorized about $3½ billion in loans to Latin America, almost half of its total world loans.

What these facts add up to is that Latin America is of vital interest to the United States. It is one of the principal markets for our manufactured goods and a source of raw materials which are necessary for our economic prosperity and national defense. A friendly and non-Communist Latin America is extremely important to the military security of the United States and the free world.

Latin America is now moving from an underdeveloped agrarian and mineral economy toward an industrial revolution. This economic change is accompanied by a state of political flux and instability. In other words, Latin America is a potential area for Communist expansion, somewhat similar to the other underdeveloped parts of the world where communism has realized its most important revolutionary gains.

The United States can ignore the potential threat from communism in Latin America only at its peril. Already the Soviet Union has begun to show an interest in the trade and politics of the area. A severe economic crisis in Latin America could result in political chaos from which only the Communists would benefit.

Communism breeds on discontent, and discontent has been the breeding ground for communism in Latin America. Conditions of life in most Latin American countries are backward, destitute, often oppressive. Wages are low, chances for advancement are limited, and ugly class and racial barriers abound.

Latin America is still primarily an agricultural region. In many parts, agriculture is still feudal in its landholding patterns, and class differences are intensified between landowners and tenants by racial distinctions. In the Indian countries—Peru, Ecuador, Bolivia, Guatemala, and Mexico—this medieval system of agriculture is particularly prevalent. Personal relations between landlord and tenant are still those of master and servant in many places. The incomes of most agricultural workers provide only a subsistence standard of living. Most of the peasant or peon population receives little, if any, income with which to purchase manufactured goods. They live in self-sufficient communities where they grow most of their own food, often suffering from malnutrition and disease.

It is apparent, therefore, why the drive for economic development is one of the most dynamic forces in Latin American politics. Since the early 1930's, it has become an article of faith. An overwhelming number of political leaders proclaim their devotion to industrialization and economic diversification. The political future of Latin America is likely to be profoundly influenced by those groups which succeed in establishing themselves as the vanguard of the movement for economic expansion and reform.

The Communists are attempting to capitalize on the strong drive for economic development in Latin American countries. Unfortunately for this country, they have often succeeded in directing this desire for economic growth toward hostility to the United States. The Communists cultivate the belief that the United States is determined to retard or obstruct the development of Latin America so that it will remain a backward area for capitalist exploitation. They attempt to exploit the resentment that many Latin Americans hold toward the United States because their economies

are greatly dependent on ours. One of their principal arguments is the claim, as false as it is tragic, that trade with the Soviet bloc offers an attractive escape from economic dependence on the United States.

As Latin America moves forward toward industrialization, the political and economic power of labor will undoubtedly increase. This has been a recurring factor in other industrial societies as they have progressed toward higher stages of economic development, and Latin America can be expected to follow this pattern. For this reason, the ideological orientation of the labor movement will exert an important influence on the political future of Latin America. With the beginnings of industrialization already under way in Latin America, it is vital that the labor movement not become the captive tool of international communism.

If the aspirations of the working class are severely frustrated by a backward economic system which seems unable to expand and to adapt to the needs and values of a modern industrial society, then a grave menace will result. The trade union movement will be in danger of being captured by the Communists, who will seek to use it in an attempt to overthrow the existing order and establish Soviet-type dictatorships in the Western Hemisphere. This would be a very serious situation for the United States and its free world allies.

Thus far the Latin American Communists have been able to gain considerable political influence at times and places where they have either controlled important labor movements or have been influential in non-Communist trade unions. In Guatemala, the Communists' rise to power and influence came through control of the trade union organizations. With the labor movement firmly under its domination, the Communist Party exerted a strong influence on the Guatemalan Government by threats and promises. In this way the Guatemalan Communists were able to infiltrate important posts in the Government and win considerable influence over the general public.

The United States must be aware of the potential danger from communism in Latin America as well as in other parts of the world. The activities of the Communist Parties in Latin America are designed to advance the objectives of the international Communist movement and the aims of Soviet foreign policy. The Latin American Communists have always recognized that key positions in the labor movement can be used to further the purposes of international communism. Before the Soviet Union became involved in World War II, the Latin American Communists took advantage of their influence in the trade unions to sabotage the delivery of goods to Great Britain and France. In case of war between the Communist and non-Communist worlds, the Latin American Communists might be in a position to use the trade unions to prevent the delivery of needed supplies to the United States and its allies.

Their relations with the trade unions have been of fundamental importance for the Communist Parties in Latin America. The strength of the national Communist Parties has depended primarily on their influence within the labor movement. This is likely to remain true for a long time to come. The trade unions are among the most powerful mass organizations in Latin America today. They will become an increasingly influential political force and are perhaps the only group capable of challenging the political pre-eminence of the military.

Since the late 1940's, virtually all of the organizable workers in Latin America have belonged to trade unions. Their power to bring economic activities to a halt has made it possible in some instances to protect a government against an attempted coup by the armed forces or to bring down a government by a concerted general strike. In two government crisis since World War II—Argentina in 1945 and Bolivia in 1952—organized workers have defeated the military in contests for political supremacy.

The Communists do not underrate the vital role which labor will play in Latin American politics. If the United States is to understand the potentially dangerous character of the international Communist movement in Latin America, it must be equally aware of the political importance of labor.

The extent to which a democratically oriented labor movement can be assured will depend to an important extent on how much U.S. assistance the Latin American countries receive for economic development. If industrialization proceeds at a slow rate or is paid for almost completely out of domestic resources, the demand for capital accumulation will not permit a rising standard of income for the workers. In this event, the free labor movement may be unable to resist the Communist program which calls for rapid industrialization in a manner similar to the experience of the Soviet Union. It is imperative that the United States and other non-Communist countries demonstrate to the Latin American people that they can offer more effective aid than the Communists in achieving higher living standards and a more equitable social system and that these necessary goals can be accomplished without the awful sacrifice in freedom and other human values which communism demands.

Economic growth is vital to the future welfare of Latin America. Its population has doubled in the past 25 years. According to present predictions, it will double again during the next quarter of a century. If Latin America is to provide for this increased populace and, at the same time, make substantial improvements in the standard of living, it will be necessary to increase the gross national product of the area by more than three times its present level by about 1980 or 1985. Even a threefold increase in the gross product would mean only a per capita income of $600—twice as large as it is today, if we assume that the population will double during the next 25 years. An increase of 100 percent in the Latin American gross product per capita by 1980 does not seem like a very high standard of living if we bear in mind that it would amount to only one-fourth of the gross per capita product of the United States today. In other words, I am suggesting that the bare minimum need for Latin America by 1985 will be a standard of living which is one-fourth as high as the United States enjoys at present.

Will Latin America be able to attain a rate of economic growth which will permit it to feed, clothe, and house its expanding population without a continuation of existing poverty or a decline in the already low standard of living? Will the difficulties in providing the sustenance of a decent life generate conditions which will make it likely that the South American people will turn more and more toward totalitarian political systems as a solution to the grave problems of poverty, illiteracy, economic stagnation, social discrimination, and lack of opportunity?

Whether Latin America develops to the extent necessary for significant economic and social improvement will depend on a favorable combination of a number of factors. Among these are the existence of political, economic, and social institutions capable of fostering economic growth, improvements in the technical and managerial capabilities of the population, strengthening of the spirit of initiative, willingness to work hard and to save in order that part of current income can be channeled into capital investment, and the degree to which the Latin American states forbear narrow national policies and succeed in solving or alleviating common problems by regional cooperation.

It is difficult to determine the relative importance of each of these factors. They are closely interrelated and simultaneous progress in all of them is needed. It is clear, however, that Latin America can achieve the rate of economic growth necessary to provide for the welfare of its expanding population only through large-scale efforts directed at increasing agricultural and industrial production, stabilizing the prices of and the demand for its export commodities, and overcoming some of the obstacles to a more liberal system of international trade within the Western Hemisphere.

From 1949 to 1956, the experience of Latin America with respect to economic growth was encouraging. The brief economic expansion that occurred during these 7 years indicates what could be accomplished if favorable conditions are created and sustained over a long period of time.

From 1949 to 1956, the total gross product of the area increased at an annual average rate of approximately 4½ percent. This increase was made possible in part by an improvement in the region's terms of trade and by an increase in the flow of foreign capital to the area, both for investment and in the form of loans. Latin America's terms of trade have tended, however, to deteriorate since 1954. The recession in world markets seriously affected the prices and the demand for the primary products that Latin America exports. During 1957 and the early part of 1958, there was a significant decrease in the

foreign exchange income which Latin America derives from exports. In recent years, the export value of coffee, cotton, lead, zinc, copper, wool, and wheat has greatly declined.

The weakening of Latin America's foreign markets has had grave consequences. Many Latin American countries are confronted with serious foreign exchange difficulties. Many of them have considerably increased their short-term foreign debt and have adopted import restrictions. In addition, the unfavorable trend in Latin America's terms of trade and the weakening of its export markets have made it virtually impossible for the region to continue to maintain a rate of growth roughly on a par with that of the 1949–56 period.

The primary factor that helped to bring about the economic growth rate of 4½ percent for the years 1950 to 1956, however, was not the improvement in the terms of trade for the Latin American area or the influx of foreign capital. The principal reason for this rate of economic expansion was the increase in domestic investment. During the period from 1950 to 1957, foreign capital in the form of loans and investments accounted for only about 8 percent of the gross investments made in Latin America, while in recent years, the South American countries have invested between 15 and 20 percent of their gross national product.

But domestic capital in Latin America, which has recently contributed 92 percent of the area's investment capital, is no longer available in amounts large enough for the investments needed to promote a healthy rate of economic growth. This shortage has been made more acute because of a reduction in the price of and demand for the export products of Latin America and the increasingly high interest rates on foreign debts. These two factors have made it necessary for the South American countries to limit imports of capital goods and raw materials.

It is important to consider that two-thirds of Latin America's imports consist of capital goods, raw materials, and fuels. Since these commodities are required for maintaining the necessary rate of economic expansion. limitations on their import poses a particularly serious problem. Without an increase in their import capacities, the economic growth of the Latin American countries will be either severely handicapped or brought to a standstill.

Today there is a critical shortage of capital available for investment in Latin America. Domestic savings are low and the possibility of their expansion in the near future is limited. The supply of investment capital is inadequate to meet the needs for developing power installations, transportation facilities, irrigation systems, and capital goods in general—without which there can be no continuous growth in national income. These enterprises generally do not attract private capital and at present must be financed primarily by official international lending agencies when domestic capital is not available.

But the capital provided by official lending agencies has not filled the gap in the investment needs of Latin America. Moreover, its availability has varied erratically from year to year in each country. In the 1950–57 period, the International Bank for Reconstruction and Development disbursed an average of about $70 million annually in loans to Latin America. During the same period, the Export-Import Bank made available an annual average of $80 million in loans. The foreign loan capital received from these two sources from 1950 to 1958 amounted to less than 2 percent of the gross capital formation in Latin America.

Latin America must export in order to import the capital goods essential to economic growth. However, the maintenance of the rate of economic development achieved by Latin America since 1950 is now severely threatened by the unfavorable terms of trade between this area and the outside world and by the decline in the price of and the demand for the commodities which Latin America sells to other countries. On the basis of present trends, any future increase in Latin American exports is unlikely to be great enough to meet the requirements of sustaining a reasonable rate of economic expansion.

Because of the shortage of domestic capital and the decline in revenue from exports as a source of purchasing power for capital goods, Latin America needs an appreciable increase in foreign capital investments. Private foreign investors may be able to make an important contribution to capital formation in some profit-making industries and to the growth of Latin America's capacity to import producers goods. But a greater inflow of loan capital will be essential to develop power installations, transportation facilities, and irrigation systems and to raise agricultural production.

To be sure, the economic problems of Latin America could be alleviated to a limited extent by merely increasing the efficiency of agricultural production. But, as Dr. Milton Eisenhower pointed out in his report to the President on United States-Latin American relations, "a substantial increase in the levels of living requires industrialization." It is apparent to Dr. Eisenhower that the industrialization of Latin America will require a steady flow of public and private investment. As you know, the United States drew vast quantities of investment capital from Europe during the early phases of its industrial revolution. Today the countries of Latin America look to the United States and perhaps to certain European countries for development capital.

Over a period of years sound loans have been made to Latin America by the Export-Import Bank and the International Bank of Reconstruction and Development. Private U.S. credit and investment have also been helpful. Currently about 20 percent of the outstanding U.S. investment in Latin America is private.

The granting of both public and private investment to finance Latin American development projects needs to be greatly accelerated. This session of Congress has already taken an important step in this direction by authorizing the President to accept membership on behalf of the United States in an Inter-American Development Bank.

The Inter-American Development Bank is designed to promote the economic growth of Latin America. It will supplement other sources of credit by making loans for development projects. In its ordinary operations, the Bank will make normal bank loans repayable in the currency borrowed and at interest rates similar to those charged by other lending institutions.

The Inter-American Development Bank will also assist the Latin American States in formulating development programs and in engineering and organizing projects. This technical assistance should help these countries obtain capital from other sources, as well as from the Inter-American Bank.

The Inter-American Development Bank will be an international organization whose members will be the 21 American States. Its total resources will amount to $1 billion; $850 million of this sum will be the ordinary capital of the Bank and $150 million will be earmarked in a Fund for Special Operations; $450 million of the Bank's capital will be in the form of uncalled subscriptions which will constitute a guarantee fund for the securities which the Bank plans to sell in the financial markets of member countries.

Congress has authorized the U.S. Government to subscribe a total of $450 million for the Bank's operations, $350 in ordinary paid-in and callable capital and $100 million for the Fund for Special Operations. The balance of the subscriptions of ordinary capital—$500 million—will be apportioned among the Latin American Republics, who will also subscribe $50 million to the Fund for Special Operations.

The Fund for Special Operations will make loans on terms which assume that at times some countries may need financial assistance for meritorious development projects but may not be in a position to service additional debts repayable in hard currency. Moreover, the Fund's capital will also be available to finance projects which are not directly productive but are, nevertheless, important to the basic economic development of a country.

The Inter-American Development Bank should have the effect of promoting financial cooperation between the United States and Latin America. All of the American Republics will share the responsibilities for providing the Bank's capital and managing its affairs. The Bank can assist the Latin American countries in organizing their economic resources and in planning for their development. By encouraging the adoption of more rational economic specialization at both the national and regional levels, the Bank can help its members to attract both foreign and domestic capital for development projects.

The establishment of the Inter-American Development Bank and U.S. participation in it is certainly a step in

the right direction. However, considering the tremendous magnitude of the problem of promoting the economic growth of Latin America, it is just a beginning. The Bank's capital resources amount to less than one-tenth of the annual investment for all of Latin America.

An expanded long-term program of U.S. participation in the economic development of Latin America can and should be one of the most important means of furthering the purposes of our foreign policy. The United States has a large stake in the development of viable, energetic, and confident democratic societies in Latin America as well as in other parts of the free world. But thus far we have not organized and directed the resources of our country in the best way for helping our friends and allies in Latin America to build the foundations of peace, democracy, and economic improvement. A broader joint United States-Latin American program for working toward these vital objectives could be a very effective means for achieving political conditions in our national interest and humanitarian results which would uphold the moral conscience of our Nation.

An expanded program to promote economic development would cost more than the United States is currently spending on aid to Latin America. But the additional money needed would be small in comparison to what might be required for coping with the desperate emergency situations that may arise if the already dangerous state of affairs in Latin America is permitted to degenerate further.

Since the outbreak of the cold war, the U.S. foreign aid program in Latin America has given primary emphasis to military assistance. But the basic problems of Latin America are not military, but economic and social. Latin America is trying to put its human and physical resources to work in order to achieve a better way of life, to reconstruct the feudal patterns of society which have endured since the European conquest, to build a modern industrial civilization, to raise living standards, and to increase the opportunities for its long underprivileged masses.

These are the problems with which the U.S. Government and people should be primarily concerned. The United States can greatly assist this process of economic development and thereby help to improve not only the welfare of the Latin American people but also the chances for the evolution of stable and democratic governments in the area. The role which the United States plays in this process of economic and political development will go far toward determining whether the Communists will be the ultimate beneficiaries of the changes now underway in Latin America.

To be sure, the United States has given some aid to industrial development in Latin America. Private investors in this country helped to develop mining, railroads, powerplants, agriculture, and constructed many factories. U.S. public investment through the Export-Import Bank and the International Bank for Reconstruction and Development has in recent years made a limited contribution to economic growth in the area.

However, the total amount of our aid to Latin America has been very meager, at least when compared with the grants, loans, and investments which we have provided to Europe and even Asia since World War II. The aid which has been furnished to Latin America has been doled out in driblets without any central development plan to coordinate the efforts of the United States and the recipient Latin American countries.

Something far more extensive is needed if the battle against communism is to be won in Latin America. What is required is a long-range program for pooling Latin America's resources for economic development. Moreover, the United States should seriously consider making the same kind of proposal to the Latin American countries which it made to Western Europe in 1947.

As a result of such a proposal the United States and the Latin American Governments might formulate a 5- to 10-year plan for economic development which takes into account the capital that could be raised in Latin America. Then the United States would join Latin America in preparing a program for attracting capital loans from the United States, and perhaps from some European countries, to undertake that part of the development plan which could not be financed by domestic Latin American capital.

A Marshall plan for Latin America might necessitate a considerable amount of public investment by the United States. It should be recognized that private investments from this country might be inadequate to meet the needs of a forward-looking economic development program for Latin America. There is a vast field of enterprise—such things as roads, technical training, health services, and educational facilities—which would not be profitable to private investors. Intergovernmental loans, and perhaps grants, will probably be necessary to finance some of these essential projects.

There would be ample opportunity for private foreign investment, especially in manufacturing, commerce, and other service industries. In order to attract more private capital from the United States, this Government might insure our investors against possible losses in South America. This system was used to some extent in Europe during the Marshall plan. Moreover, the Latin American governments which have excluded such important enterprises as public utilities, transportation, heavy industry, mining, and petroleum from foreign investment might be wise to reconsider these policies in the light of long-range needs and plans for economic growth.

A Marshall plan for Latin America could provide a concrete alternative to the alluring promises of the Communists. No longer could the Communists convincingly claim to some people that the United States only concern with Latin America is economic exploitation. The Latin Americans would have tangible evidence that the United States is determined to help them modernize and increase their standards of living.

One great asset of the Communists in Latin America is the rapid pace with which Soviet Russia, and now Communist China, have been able to develop economically. A Marshall plan for Latin America could demonstrate that the free world is capable of assisting underdeveloped areas to raise economic productivity—and to provide this aid without the terrible cost in human lives and misery which Communist methods exact.

The economic development of Latin America will require technical assistance as well as investment capital. But technical assistance is no substitute for investment capital. To a considerable extent, shortages of capital for economic development would make it futile to share only knowledge and skills unless the elemental requirements for capital are also met. In many cases, however, there will be an inescapable need for technical assistance so that investment funds can be used effectively.

Technical assistance is important as a means of providing the technical know-how necessary for developing a modern industrial society. Technical assistance is also essential for realizing the social and cultural benefits that are among the richest fruits of an increase in economic productivity.

The promotion of hospitals, health education, and training centers can help the peoples of Latin America themselves to improve their own production. Cooperative research in agriculture and demonstration and extension work can make it possible for them to improve their own production. Cooperation between universities in the United States and those in Latin America can stimulate the development of university faculties in scientific and technological fields and help them meet the demands of today without impairing their strong tradition of emphasis on the humanities. Cooperative teacher training institutions can help the Latin Americans to meet their own needs for increasing literacy. Programs in family welfare and home economics for farm women can contribute to higher levels of living. Projects in public administration and aids to industrialization can help to realize the same purpose—that of helping the people of Latin America to advance their own cultural and economic development. In brief, if the maximum benefits are to be derived from increased investments, it will be necessary for the United States to increase its programs of technical assistance and cooperation with Latin America.

The countries of Latin America also need to expand their trade with the more industrialized areas of the world. Latin America is basically an exporter of food products and raw materials. An increase in trade between Latin America and the areas which are more advanced economically would promote both the economic growth of Latin America and the development of food and raw material resources on the international level.

Latin America's limited capacity to import is at present a serious obstacle to its economic growth. Therefore, it is particularly important that conditions conducive to a prosperous and growing trade be established. The possibility of Latin America's attaining a rate of growth that will meet the needs of an expanding population and raise the standard of living will depend in great measure on the degree to which it can expand its export base.

As you know, foreign trade is an important factor in the economic development of almost all countries. But it is of paramount importance to the countries of Latin America. Experience has shown that only large countries with a diversified base of natural resources—like the United States and the Soviet Union—can develop their economies without having to depend to any great extent on foreign trade. When the natural resource base is limited—as is generally the case with Latin American countries—a growth in foreign trade is an indispensable condition of economic expansion.

A few facts serve to illustrate this point. In 1958, Latin America's annual imports amounted to about $9 billion. About 40 percent of this amount consists of purchases of machinery and other capital goods. The gross annual investment in all of Latin America is about $10 billion, more than one-third of which represents machinery and other imported capital goods. Therefore, between 30 and 40 cents out of every dollar invested in Latin America is spent on imported capital goods.

An expansion of exports is thus essential to the economic growth of Latin America. During the postwar period, Latin American exports have grown at a lower rate than in any other nonindustrialized area. The foreign exchange shortage resulting from this decline in exports now threatens to seriously reduce the area's import capacity in years to come. It is apparent that without an increase in its exports, Latin America will not be able to import the producers' goods and raw materials necessary for industrial growth.

An important contributing factor to the decline in Latin American exports is the restrictions which industrialized countries have placed on trade in primary products. Naturally the interests of domestic producers cannot be ignored when they are affected by competition from foreign products. However, the adoption by industrialized nations of policies that would enable the Latin American countries to improve their position as suppliers of foodstuffs and raw materials would be an important factor in advancing the economic development of our neighbors to the south, as well as a significant contribution to a more stable world economy.

Another foreign trade problem of Latin America is the instability of prices for the food and raw materials which the nations of the area must sell on the world market in order to grow and prosper. Fluctuations in the price of primary-product exports from Latin America have become more extreme, and there are few products or countries that have not been affected. Recently, the price of copper, lead, zinc, tin, coffee, cotton, sugar, wool, and wheat have declined greatly. As a result of the short-term fluctuations of the postwar period, nearly all the Latin American countries have at one time or another suffered reductions of from 10 to 40 percent in their income from foreign trade.

An important lesson of the postwar experience is that the absence of major depressions in the industrialized countries has not solved the problem of price instability in the raw materials markets. Even minor or local recessions in an important sector of the economy of certain industrialized nations is reflected in unfavorable markets for primary products.

Sudden changes in foreign exchange income disrupt the continuity that is required for the successful progress of economic development programs in Latin America. Price fluctuations in the primary commodities market also increase the short-term debts of the Latin American countries and thus make it difficult for them to obtain long-term financing. These fluctuations also contribute to the financial instability of various countries.

There are several possible approaches to international cooperation designed to alleviate fluctuations in the commodities market. For example, the establishment of an international system of compensatory loans linked to fluctuations in the primary products market has been advocated. Another suggestion is that the International Monetary Fund be increased as one way of making greater financial aid immediately available to meet short-term needs. In particular situations, cooperative measures could be considered in relation to the markets for specific products. Both producers and consumers could benefit from measures that would decrease short-term price fluctuations. In other cases, international cooperative agreements might help to overcome serious imbalances in the markets for some products.

Moreover, the markets for raw materials are often affected by such measures as tariffs, quotas, and the disposal of surpluses. Of course, these policies are often important to a nation's economic policy. Nevertheless, it would be helpful if there were more consultation on these problems by the United States and the countries of Latin America. By working to alleviate this problem through consultation, it might become possible to achieve a better coordination of national policies based upon more consideration for the common interests of the countries involved. In any case, progress in solving the problem of unstable prices for Latin American exports is closely related to the prospects for successful economic development.

It is also very desirable for the future development of Latin America that courageous and far-reaching programs be developed for the economic integration of the area on a regional basis and and increase in trade among the Latin American countries. The long-term economic growth of Latin America is related to the development of new production methods and to the attainment of a rising level of industrialization. Because of the limited size of the domestic markets and resource bases of almost all of the Latin American nations, it is extremely difficult or impossible for individual countries by their independent efforts to increase production in the various fields which require future development.

Latin America should begin to plan for regionwide economic arrangements that will permit a freer movement of capital, labor, and products. If national economic policies could be more closely coordinated and if different areas could be given a strong incentive to specialize in producing for a larger market, the framework could be created for stimulating economic growth as a result of increasing production on a regional scale in accordance with the natural advantages of individual countries. And a large-scale inter-American program for promoting the economic development of Latin America could be an important force in encouraging investment projects of a regional nature that will promote the economic integration of the area.

Mr. Speaker, the time has come for the United States to associate its purposes and efforts with the aspirations of the Latin American people for a better way of life. Our national interest requires that the United States allocate increased resources for loans, technical assistance, and possibly some grants to promote the economic development of the area. There is no question of sacrificing our standard of living or of disrupting our economic system. We can obviously afford to do the job. We cannot afford to neglect to do what is required. I earnestly hope that both Congress and the Executive will take much greater heed of the requirements for a dynamic policy in Latin America. The stakes are large, much larger than the sacrifices which we in this great and prosperous country would have to make for effectuating a sound Latin American policy. And think of the results which could be achieved. Combined with our Latin American neighbors, this country could lay the foundation for an invincible free world community.

HON. DANIEL J. FLOOD AWARDED THE CERTIFICATE OF MERIT OF THE PATRIOTIC ORDER SONS OF AMERICA

Mr. WALTER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

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

There was no objection.

Mr. WALTER. Mr. Speaker, I would like to take this opportunity to warmly congratulate our distinguished colleague from Pennsylvania, the Honorable DANIEL J. FLOOD, who, on Monday of this week, was awarded the certificate of merit of the Patriotic Order Sons of America in recognition of his great and inspiring public service.

As a member of this oldest patriotic organization in the United States, I am

indeed proud to announce this latest honor to be bestowed upon my long time colleague and fellow Pennsylvanian.

Further, as chairman of the Un-American Activities Committee I also am pleased to associate myself with DAN FLOOD in the fight against communism in Central and South America because, as you know, he has carried on for a number of years a relentless battle against the inroads of communism in that part of the world which particularly endanger our sovereign rights in the Panama Canal Zone.

Under leave to extend my remarks, I include the following stirring address delivered by Congressman FLOOD on Monday of this week in Reading, Pa., before the convention of the Patriotic Order Sons of America of Pennsylvania, at which time Mr. FLOOD spoke on the subject, "Storm Clouds Over the Caribbean":

STORM CLOUDS OVER THE CARIBBEAN

(Address by the Honorable DANIEL J. FLOOD, Member of Congress, 11th District of Pennsylvania, before the Patriotic Order of Sons of America of Pennsylvania, Reading, Aug. 24, 1959)

Mr. President, fellow Sons of America, ladies and gentlemen, for many months sensational headlines and alarming news from areas to the south of us have attracted national attention to the rising Red tide in the strategically significant Caribbean Basin. What is the nature of this area and why is it so important to all nations of this hemisphere?

GEOGRAPHICAL

A vast sea, 400 to 700 miles wide and 1,500 miles long with an area of 750,000 square miles, and located between the American continents, the Caribbean has an advantageous geographical location recognized since the Age of Discovery.

Bordered on the north by the Greater Antilles, of which Cuba is the largest island; on the south by lands that now form Venezuela, Colombia, and Panama; on the east by a long string of islands known as the Lesser Antilles; and on the west by the strategic American Isthmus, forming part of the Spanish Main and today consisting of Costa Rica, Nicaragua, El Salvador, Honduras, Guatemala, British Honduras, and southern Mexico: these vast regions, because of their natural sea passages and routes across land inevitably became the center of power for Spain in the Americas, also of transport to and from its extensive colonial empire.

HISTORICAL

As early as 1530, the Isthmus of Panama had become the most important of the Isthmian transit routes. Its traffic even included that from Buenos Aires, carried over the Andes to Peru, and thence by ship to Panama for transshipment to Spain.

Though the great rival of the Panama route was that by Lake Nicaragua, others were in Mexico where for 250 years the Manila Galleon ended its voyages from the Philippines at Acapulco. In this connection, it should be noted that for many years the unit of value in those islands was the Mexican dollar, known as the dollar mex. Today, few visable evidences of the once great Spanish Empire in the Americas remain except old fortifications, of which the finest examples are perhaps those at Cartagena in Colombia. These monuments surpass in grandeur any contemporary similar structures of the English colonies.

The history of the Caribbean during the 17th, 18th, 19th, and 20th centuries is indeed stirring, covering many volumes. One of its most moving chapters is that which culminated in 1914 with the opening of the Panama Canal by the United States. Because it shortened the distances of the world, this opening made the Caribbean one of the greatest maritime highways and, in a real sense, the Mediterranean of the Americas, with the United States as the nation of paramount interest.

ECONOMIC

Since 1914 the Caribbean regions have been the scenes of tremendous economic developments. Venezuela has become one of the greatest oil producing countries and stands high in asphalt, copper, sulfur, and iron. Colombia is the second largest exporter of coffee and rich in minerals, including precious stones. Panama ranks near the top in the size of its registered merchant marine tonnage.

Among the Greater Antilles, Cuba is the largest cane producer in the world; Haiti and the Dominican Republic are largely agricultural; Puerto Rico produces sugar, citrus, and other tropical products, also manufactured goods, including textiles. Of the Lesser Antilles, Trinidad is the third largest producer of oil in the British Commonwealth and an important source of asphalt.

In Central America, the countries there are noteworthy for agricultural and forest products, also mineral deposits yet largely undeveloped.

Many of these regions, because of their favorable topography for the creation of elevated artificial lakes and heavy tropical rain, have tremendous potentials for waterpower.

Much of the economic development in Caribbean countries was accomplished, on strong and urgent invitations by these countries, through North American investments in huge enterprises—agricultural, mineral, power, and manufacturing. The results have been to increase employment and to raise local living standards, with the United States as the largest single customer for the more strategic materials. It is no wonder that these vast expanses of land and ocean long prior to World War II had become vital to the security of the New World, particularly its greatest bastion of defense, the continental United States.

SUEZ CANAL SEIZURE EVOKES REACTION

Since World War II Caribbean history has been featured by a series of crises in various countries. Long evident to keen observers there has been a close relation between events on the Mediterranean and those on the Caribbean, with common roots and motives of Communist origins.

The nationalization in 1956 by Egypt of the Suez Canal immediately attracted world attention to the other great interoceanic waterway, the Panama Canal, and the strategic Caribbean area. Agitations, largely Communist in origin and direction, focused on these regions. The prime objectives were wresting control of the Panama Canal from the United States through the process of nationalization by Panama or its internationalization.

Despite the unrealistic nature of these ideas, persons in high position in the United States joined in this clamor of ignorance for internationalization of the Panama Canal—a Communist aim since 1917.

Panama was not the sole country affected, for the plans for subversion included not only the countries on the Isthmus itself, but also those on both flanks of the Atlantic approaches of the Panama Canal—Cuba and Venezuela. In these, revolutionary activities accelerated, even with bold kidnapings of North Americans. Culminating in the violent overthrow of established governments in these two nations and their replacement by pro-Communist dictatorships, the Caribbean turmoil, featured by mass liquidations of political opponents and expropriation of vast North American property holdings in Cuba, has become a matter of the gravest concern for the peoples of all the American states. Many in Latin America as well as in the United States wish to know what our policies are.

UNITED STATES LATIN-AMERICAN POLICIES

The Latin-American policies of the United States are deeply rooted in history. Though included today in what is know as the good neighbor policy, the essential features of this policy are the doctrine of nonintervention in the affairs of other nations of the hemisphere, the no-transfer principle to guard against shift of ownership of remaining American colonies in event of occupation of European nations, and the historic and fundamental Monroe Doctrine.

The key elements of these policies are predicated on the defense of the Western Hemisphere. Basic to all of these are our Caribbean and Isthmian Canal policies.

None of these policies, however, are as well known or understood as they should be. But they are there, grounded in solemn treaty bases and resulting applications.

Because of the focal importance of the Panama Canal in any realistic appraisal of the Caribbean situation, a review of recent Isthmian history is imperative.

PANAMANIAN INVASION OF CANAL ZONE

In a secretly planned and carefully organized raid into the Canal Zone on May 2, 1958, called "Operation Sovereignty," Panama University students planted 72 Panamanian flags at prominent locations, including one flag in front of the Panama Canal Administration Building in Balboa Heights, the capital of the Canal Zone. Accompanied by Panamanian newspaper reporters and photographers, and unopposed by U.S. authorities, the indignity received worldwide press coverage, placing the United States in a most ridiculous light.

The possibility of such an attempt had been clearly foreseen by myself and other informed citizens of the United States, as a consequence of which appropriate warning had been given. Notwithstanding, when this highly provocative incident occurred, no arrests or detentions were made, despite the fact that they were witnessed by Canal Zone police. The flag planters were allowed to leave the Canal Zone without interference, and thereupon became "heroes" to radical elements in Panama and elsewhere. I have never received or heard of an explanation for such failure on the part of those responsible for the protection of the rights, authority, and obligations of the United States.

What can explain such apparent indifference? Was it because of timidity on the part of local U.S. officials or were those officials conforming to superior orders or counsel, induced by a failure to comprehend what was actually involved? I do not know. Certainly, such a gross trespass, which was part of an overall purpose to drive the United States from the Canal Zone, was not a mere student prank but a calculated risk on the part of elements fiercely antagonistic to the United States and, indeed, hostile to the Constitutional Government of Panama.

In the light of the perspective that is now possible, it served as a probing of the capacity of our Government and the psychological strength of its policymakers. Not only that, it set a dangerous precedent for allowing a foreign country to use territory under control of the United States as a stage for overt hostile propaganda demonstrations. Moreover, our failure to act with forthrightness and firmness on this occasion has constituted an open invitation for future graver trespasses.

ATTEMPTED PANAMA CANAL ENCIRCLEMENT

The clamor about Operation Sovereignty had hardly died when the Republic of Pan-

ama, by an enactment of its National Assembly, approved by President Ernesto de la Guardia, Jr., on December 18, 1958, unilaterally declared the extension of Panamanian territorial waters from the long-established 3-mile limit to a 12-mile limit. This attempted extension included a 9-mile width of water at each end of the existing sea boundaries of the Canal Zone, completely encircling the zone. This, in effect, would make it another Berlin.

The United States was the first nation to protest. In a note delivered to the Panama Government on January 9, 1959, the United States refused to recognize the Panamanian claims and requested a reconsideration of the action. Instead of complying, the Panama National Assembly unanimously rejected the request, and called upon all friendly nations to support the attempted Panamanian marginal sea extension.

Meanwhile, the Government of the United States reserved all of its rights in the affected areas, pending recommendations of a 1960 international conference that will consider the important question of the breadth of territorial seas.

CUBAN INVASION OF PANAMA

The situation at Panama did not remain quiet for long. Victorious revolutionists in Cuba, trained in revolutionary jungle warfare in Oriente Province of that important island country and seeking new worlds to conquer, focused on the isthmus.

In collaboration with radical elements of Panama, a few of them exiled in Cuba, some 89 Cuban mercenaries, on April 26, 1959, landed at historic Nombre de Dios on the Caribbean coast of Panama, a short distance east of the Atlantic entrance of the Panama Canal. One of the objectives of this armed invasion of Panama was a token occupation of the Canal Zone. Its main objective was to bring about the overthrow of the duly elected and constitutional Government of Panama. What a crisis might thus have been created.

Despite the strength of the 3,000-man National Guard of Panama, the people there became gravely excited by the invasion, with evident hysteria among certain political leaders. Had Panamanians known that some of their high officials had sent their families into the Canal Zone as a haven for refuge, the people of that country would have been far more apprehensive.

Fortunately, for all, the invasion collapsed, with the Cubans surrendering to the Panamanian forces. After brief detention and virtually no punishment, the invaders were shipped home where they were disavowed by those who sent them, thus closing the immediate crisis. But the end is not yet.

Who was responsible for that assault? The best answer to that question is by President de la Guardia, who stated: "This was not a group of adventurers from our own country, or even from Cuba. These people were mostly Cubans, but directed and led by militant Communists. Their ambition is the long stated one of taking over the Panama Canal."

This description by President de la Guardia is conservatively expressed and conforms generally to the pattern of current Caribbean turmoil. In addition, as already stated, there was also involved the purpose of overthrowing the De la Guardia government. Similarly motivated by communistic influence, this turmoil has included invasions of two other countries, Nicaragua and the Dominican Republic, which repelled them.

Notwithstanding these outcomes, radical Panamanian politicians, fully conscious of their own demagogic capacities and in bold disregard of the best interests of their own country, keep reviving the corpse of the old dream of recovering Panamania sovereignty over the Canal Zone and the Panama Canal.

PANAMA CANAL ZONE: CONSTITUTIONAL DOMAIN OF THE UNITED STATES

What are the facts about Canal Zone sovereignty? They are brief and simple. The Canal Zone is a U.S. Government reservation embracing a 10-mile strip across the Isthmus of Panama and certain auxiliary areas. Its use, occupation, and control were granted, in perpetuity, to the United States in 1903 by treaty with Panama. Most significantly, this treaty vested exclusive sovereign rights, power and authority in the United States for the construction of the Panama Canal and its perpetual maintenance, operation, sanitation, protection, and government, and, as emphasized in the treaty, to the "entire clusion" of the exercise by Panama of "any such sovereign rights, power, or authority."

Long recognized as part of the coastline of the United States, the Canal Zone is not an occupied area that can be recovered. Instead, it is part of the constitutionally secured territory of the United States, the acquisition of which President Theodore Roosevelt always compared in importance with the Louisiana Purchase, a century earlier, in 1803.

PANAMANIAN PROJECTED "OPERATION OCCUPATION"

November 3, 1959, will be the 56th anniversary of the birth of the Republic of Panama. Aquilino Boyd, a former minister of foreign affairs of Panama and now a candidate for the Presidency of that country, and other radical politicians, have chosen this day for a peaceful occupation of the Canal Zone.

Plans for these activities include a mass invasion of the Canal Zone by Panamanian demonstrators, who are to take seats on the doorsteps of the Panama Canal Administration Building in Balboa Heights, at the portals of police stations, at the churches, in the clubhouses, and other places of prominence. Moreover, world publicity is to be built up in advance as part of the preparations, with agitations in Panama aimed at forcing the Canal Zone sovereignty question into an international court for arbitration, or to the United Nations.

This threat from Panamanian territory to the Panama Canal, conforming to the long range Communist program of indirect warfare, cannot be safely ignored. Such "invasion," if permitted to occur, would be as gross an indignity to our Government and flag as if made against the continental United States; and should be so regarded and treated, for it would greatly impair U.S. prestige throughout the world.

PROGRAM FOR CARIBBEAN SECURITY

As previously indicated, the communistic agitation and subversions in the Caribbean are not accidental. They are part of the overall Soviet purpose to overturn all non-Communist governments with substitution of Communist totalitarian regimes. As such, they are parts of the cold war and a direct challenge to the Monroe Doctrine. Moreover, the threatened Panamanian invasion of the Canal Zone is a challenge to the United States in its highest sovereign capacity.

These bold and dangerous activities, motivated and kept alive by communistic influences, present a strange paradox. If agents of free world nations should attempt, on the soil or maritime approaches of any Communist nations, to interfere or overthrow the policies or governments of such nations, they would be immediately exterminated. Yet the free countries, under an inane and unrealistic misinterpretation of liberty, permit the Communist peril and its paralyzing methods to threaten, invade, and impair the most basic rights of the free nations, almost without let or hindrance.

Thus, the free nations have been, and are still being, stripped of their rights, authority, and possessions, while the Communist powers march on and on, increasing their influence and prestige, and bringing into their orbit vast domains of the free nations liquidated by these processes.

What should be the policies of the United States in protecting its interests in the Caribbean? There are a number of measures that it can adopt; firmly, justly, and legally. The program, which I would suggest, should include five main points:

First, announcement that the Monroe Doctrine applies to communistic subversion through penetration and infiltration and veiled motivation, as well as by open and direct effort.

Second, proclamation by our Government that the Canal Zone is constitutionally acquired territory of the United States and that its continued control by this Nation pursuant to treaty and the obligations thus imposed, is best for all the Americas, best for the world, and best for interoceanic commerce.

Third, reactivation by the United States of its historic Special Service Squadron based in the Canal Zone, independent of combat forces, under the direct control of the Chief of Naval Operations for continuous display of the flag and other diplomatic missions.

Fourth, announcement that no hostile or other provocative demonstrations of any character will be tolerated in the Canal Zone, from whatsoever source.

Fifth, clearcut, non equivocal reaffirmation of our historic and treaty supported rights and obligations with respect to the Panama Canal and Canal Zone.

In connection with the fourth, I venture to suggest to the Panamanian Government that it take and enforce necessary measures to prevent any further revolutionary forays into the Canal Zone, which, if permitted to occur, may well end in grim tragedy, with grave impairment of relations between the two governments.

This program should have a marked deterrent effect on the rising Red tide, not only in Panama, but also throughout the mainlands and islands of the Caribbean Sea, which is well on its way toward becoming a Red lake. These steps, which are within the bounds of international law and solemn treaty provisions, have but one aim—making all the Americas safe for all Americans, and serving the best interests of the entire world.

CAPITAL GAINS ON STOCK OPTIONS

Mr. VANIK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

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

There was no objection.

Mr. VANIK. Mr. Speaker, I have today introduced a bill to provide that capital gains on stock options received, owned, and exercised by corporate officers, directors, or employees as a consideration for employment or services rendered to a corporation as an officer, director, or employee shall be taxable as ordinary income.

During recent years more and more corporate executives are taking their income in the form of stock options—paying their income taxes on only 50 percent of their income instead of the 100 percent basis applied to all other corporation employees.

A very specific case in point recently occurred in the exercise of a stock option

by John L. Burns, president of the Radio Corp. of America. He originally had 411 shares of his company's stock. In consideration of his services as president of the corporation, on March 1, 1957 he was granted an option to purchase 50,000 shares at the price of $33.75 per share. On July 24 of this year he exercised his option to purchase 20,000 shares at $33.75 per share when the market price of the stock had risen to $67.87½.

In this manner Mr. Burns can enjoy a capital gain of $620,000. Under present internal revenue laws $310,000, or 50 percent of this income, escapes Federal taxation as a long-term capital gain. It would take a salary of over $3 million to produce the same income after taxes.

This gain to Mr. Burns as to all other corporate officials receiving stock options is solely the result of executive relationship to the corporation as its employee. It is income for services. It should be taxed in the same manner as wages paid to any other person. Is there any justification for a dual standard of income tax computations—one for the regular employee and one for the corporate official who can profitably exercise a stock option and escape his proper income tax obligation? The stock option device is not a tax loophole—it is a devastating and wrecking breakdown of our tax structure.

The Goodyear Rubber Co. pioneered in providing stock option plans for 79,000 shares to key officers under which some officers can buy shares selling for $140 per share for $50.88. Mr. E. J. Thomas, president of Goodyear, exercised an option which could net him a profit in excess of $5 million.

Similar stock options have netted fabulous low-tax profits for officers of Alcoa, Ford, General Electric, and General Foods.

Over a quarter billion dollars each year is dodging the Federal Treasury because of the special tax gimmick which permits certain select corporate officials to enjoy fabulous low-tax income at the expense of everyone else. Certainly any income received or granted in whole or part for services rendered should be treated as ordinary income and be made fully taxable.

The injustice of the "beat the tax" stock option tax-free salary is utterly and completely indefensible. I hope the Ways and Means Committee will consider my bill in connection with the tax reviews scheduled for this autumn.

WABASH RIVER, IND., ORDNANCE WORKS

Mr. WAMPLER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

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

There was no objection.

Mr. WAMPLER. Mr. Speaker, the Department of the Army recently has awarded to the Holston, Tenn., Ordnance Works a contract approximating a half-million dollars for the production of 185,264 M5A1 demolition blocks. In making the award, the Army chose to bypass the Wabash River, Ind., Ordnance Works, now in standby status. Although the Wabash River Ordnance Works currently is inactive, Mr. Speaker, I should like to point out the plastic explosive item in question formerly was produced at the Wabash River Ordnance Works without any intervening production elsewhere.

Despite my persistent efforts to convince the Army to the contrary, the $500,000 explosives production contract was let to the Eastman Co. at the Holston, Tenn., works. Repeatedly, Mr. Speaker, I set out, in detail, for review by the Army Department, what I considered to be compelling reasons for assigning the Chemical Corps order to the Wabash plant.

I cited the historic item production record of the Wabash works, the higher level of labor surplus and consequent economic distress in the Wabash River Ordnance Works, Indiana, are as opposed to the Holston, Tenn., region; and I questioned, at some length, the comparative cost-of-production figures submitted by the Army.

I might emphasize, at this point, Mr. Speaker, that during the course of my negotiations with the Department of the Army, before the contract was awarded, I was presented with comparative cost-of-production estimates that were in direct conflict not once, but on five separate occasions.

Being a member of the House Committee on Armed Services, I must say that item cost-of-production estimates that vary so widely and so consistently create a great deal of skepticism about the soundness of the Army's cost-of-production evaluation procedures.

I would like to make it quite plain, Mr. Speaker, that next year after the completion of the demolition block order at the Holston, Tenn., plant, I intend to demand, for comparative purposes, the final, authenticated order cost details and totals.

For the record, I am setting forth the following correspondence exchange between my office, the Department of the Army, and the distinguished chairman of the House Armed Services Committee, Mr. VINSON:

DEPARTMENT OF THE ARMY,
OFFICE OF THE ASSISTANT SECRETARY,
Washington, D.C., June 12, 1959.

Hon. FRED WAMPLER,
House of Representatives.

DEAR MR. WAMPLER: This is in reference to the recent telephone inquiry from a member of your staff concerning production of a plastic explosive item at the Wabash River Ordnance Works.

The Department of the Army has a requirement to produce 185,264 each demolition blocks M5A1 in 1959. This is 5 or 6 months' production for a plant in operation. Because of the limited quantity required, it has been determined that the item will be produced at the Holston Ordnance Works, an active installation. Since this item was formerly produced at the Wabash River Ordnance Works several years ago, with no intervening production anywhere else, it will be necessary to transfer some of the production equipment to Holston at an estimated cost of $160,000. This cost is balanced by the reduced cost of production at Holston Ordnance Works of $2.70 per block as compared with an estimated cost of production at Wabash of $3.06 per block, and the estimated reactivation cost at Wabash of $100,000. This plan of production at Holston is considered by the Department of the Army as the most feasible, particularly since production is for only a limited quantity, and there is no requirement for production of this item in fiscal year 1960.

In addition to the reactivation cost of approximately $100,000 at the Wabash River Ordnance Works, it would be necessary to employ there about 120 people for only a limited period. We consider that activation of this plant for such a limited period would entail higher overhead costs and substantial layaway costs when the plant would necessarily revert to inactive status after this limited production. No additional people will be required at the Holston Ordnance Works for the production of the demolition block as it will be used to balance out existing production at that plant. Further, since this plant is active, the overhead cost is less, resulting in the lesser cost for production of the item.

I trust that this information will be of assistance to you.

Sincerely yours,

P. E. FEUCHT,
Deputy Assistant Secretary of the Army (Logistics).

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
Washington, D.C., June 16, 1959.

Hon. NEIL H. MCELROY,
Secretary of Defense,
Washington, D.C.

DEAR MR. SECRETARY: I have received a copy of a letter addressed to you from the Honorable FRED WAMPLER, a member of this committee, in connection with the determination made by the Department of the Army to have produced at the Holston, Tenn., Ordnance Works, as opposed to the Wabash River, Ind., Ordnance Works, 185,264 demolition blocks M5A1.

I am impressed with Mr. WAMPLER's letter and I hope that this matter will receive your careful consideration before a final decision is reached.

Sincerely,

CARL VINSON,
Chairman.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., June 16, 1959.

The Honorable NEIL H. MCELROY,
Secretary of Defense,
Washington, D.C.

DEAR MR. MCELROY: As a member of the House Committee on Armed Services and as the elected Representative of the Sixth Congressional District of Indiana, I feel compelled to protest in the strongest terms a determination by the Department of the Army to have produced at the Holston, Tenn., Ordnance Works, as opposed to the Wabash River, Ind., Ordnance Works, 185,264 demolition blocks M5A1.

I am in possession of a letter, dated June 12, 1959, from Mr. P. E. Feucht, Deputy Assistant Secretary of the Army, Logistics, setting forth comparative cost estimates and other criteria upon which the Department of the Army determination was based. As it is based on the criteria spelled out in the above-mentioned correspondence, I must say that I find the Department of the Army's requirement-award determination considerably less than justified.

Using Mr. Feucht's cost estimates as a basis, I arithmetically conclude that as between the Wabash River Ordnance Works and the Holston Ordnance Works there is a unit cost-of-production differential of $0.36,

amounting to an overall order differential of $66,695.04, representing the additional cost should the explosives be produced at the Wabash River works. Adding the estimated cost of reactivating the Wabash plant, $100,000, it appears safe to conclude that, exclusive of the cost of employing the approximately 120 people necessary to produce the explosives, the total anticipated cost of production at the WROW is $166,695.04.

Mr. Feucht states that the cost of transferring some of the WROW production equipment to the Holston plant is estimated at $160,000. Actually then the total WROW cost differential is reduced to $6,695.04; which, exclusive of labor procurement, is in my opinion an absolutely negligible quantity.

Particularly is that true when comparative labor distress levels are taken into consideration. I want to emphasize, most graphically, that the Bristol, Johnson City, and Kingsport area, in which the Holston, Tenn., installation is located, was placed on the labor surplus area list as of April 1958. The March 1959, labor surplus figures indicate that this area had 6.3 percent of its labor force unemployed, and is classed in what is known as a "smaller labor surplus area."

On the other hand, the city of Terre Haute, Ind., the major labor supply drawing area for the Wabash River Ordnance Works, as of March, 1959, had 9.3 percent of its labor force unemployed. Terre Haute and the surrounding area has been classified continuously as a labor surplus area since the inception of the present economically depressed-area classification program.

Additionally, I would like to point out that Mr. Feucht makes no mention in his cost figures of the amount of money which would be required to construct adequate housing for the WROW equipment should it be moved to Holston. Also, I have been reliably informed that WROW can begin production within 60 days of a start order, which I highly doubt would be the case at the Holston plant.

Surely, if for no other reason than to make the maximum contribution to the faithful execution of President Eisenhower's Executive Order 10480, which I have been assured by the Office of Civil and Defense Mobilization is still very much in full force and effect, it would be patently more reasonable to assign this Army Department order to the critically labor depressed area which includes the Wabash River Ordnance plant and which as Mr. Feucht states formerly produced the item, "with no intervening production elsewhere," than to transfer to an area of considerably lesser economic distress at a cost of $160,000 essential production machinery currently installed at the WROW and ready for immediate operation.

The most immediately practicable reply would be greatly appreciated.

Sincerely,

FRED WAMPLER,
Member of Congress.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
Washington, D.C., June 23, 1959.

Hon. FRED WAMPLER,
House of Representatives,
Washington, D.C.

DEAR MR. WAMPLER: Reference is made to my letter dated June 10, 1959, to which was attached a copy of a communication which I had that day sent to the Secretary of the Army in connection with the Wabash River Ordnance Works.

I am now in receipt of a letter dated June 19, 1959, from the Department of the Army which appears responsive to your inquiry and contains what the Army considers as appropriate justification for the use of the Holston Ordnance Works rather than the Wabash River Ordnance Works for the planned production of plastic explosive.

Sincerely yours,

CARL VINSON,
Chairman.

HEADQUARTERS, DEPARTMENT OF THE ARMY,
OFFICE OF THE SECRETARY OF THE ARMY,
Washington, D.C., June 19, 1959.

Hon. CARL VINSON,
Chairman, Committee on Armed Services,
House of Representatives.

DEAR MR. CHAIRMAN: The Secretary of the Army has asked me to reply to your inquiry concerning the production of a plastic explosive item. The Wabash River Ordnance Works and the Holston Ordnance Works were considered for this production.

The Department of the Army has a requirement to produce 185,264 each demolition blocks M5A1 in 1959. This is 5 or 6 months' production for a plant in operation. Because of the limited quantity required, it has been determined that the item will be produced at the Holston Ordnance Works, an active installation. Since this item was formerly produced at the Wabash River Ordnance Works several years ago, with no intervening production anywhere else, it will be necessary to transfer some of the production equipment to Holston at an estimated cost of $160,000. This cost is balanced by the reduced cost of production at Holston Ordnance Works of $2.70 per block as compared with an estimated cost of production at Wabash of $3.06 per block, and the estimated reactivation cost at Wabash of $100,000. This plan of production at Holston is considered by the Department of the Army as the most feasible, particularly since production is for only a limited quantity, and there is no requirement for production of this item in fiscal year 1960.

In addition to the reactivation cost of approximately $100,000 at the Wabash River Ordnance Works, it would be necessary to employ there about 120 people for only a limited period. We consider that activation of this plant for such a limited period would entail higher overhead costs and substantial layaway costs when the plant would necessarily revert to inactive status after this limited production. No additional people will be required at the Holston Ordnance Works for the production of the demolition block as it will be used to balance out existing production at that plant. Further, since this plant is active, the overhead cost is less, resulting in the lesser cost for production of the item.

I trust that this information will be of assistance to you.

Sincerely,

J. H. MICHAELIS,
Major General, GS,
Chief of Legislative Liaison.

OFFICE OF THE SECRETARY OF DEFENSE,
Washington, D.C., June 23, 1959.

Hon. FRED WAMPLER,
House of Representatives.

DEAR MR. WAMPLER: This is to acknowledge your correspondence of June 16 to the Secretary of Defense, in which you protest the determination by the Department of the Army to have 185,264 demolition blocks M5A1 produced at the Holston, Tenn., Ordnance Works, as opposed to the Wabash River, Ind., Ordnance Works.

Since this is a matter under the cognizance of the Department of the Army, Mr. McElroy has asked that I refer your correspondence to that Department for direct reply to you.

Please be assured that this matter will be accorded every consideration.

Sincerely,

GEORGE W. VAUGHAN,
Assistant to the Secretary
for Legislative Affairs.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
Washington, D.C., June 30, 1959.

Hon. FRED WAMPLER,
House of Representatives,
Washington, D.C.

DEAR MR. WAMPLER: Attached is a copy of a letter which I have today sent to the Secretary of the Army in connection with the possible utilization of the Wabash River Ordnance Plant in connection with production of explosives.

Sincerely,

CARL VINSON,
Chairman.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
Washington, D.C., June 30, 1959.

Hon. WILBER M. BRUCKER,
Secretary of the Army,
Washington, D.C.

DEAR MR. SECRETARY: Under date of June 16, 1959, I wrote to the Secretary of Defense in connection with a determination made by your Department to have produced at the Holston Ordnance Works 185,264 blocks of explosive. On June 23, 1959, Mr. George W. Vaughan, assistant to the secretary for Legislative Affairs, wrote to me indicating that this matter was under the cognizance of your Department and that my letter had been referred to you.

I have again reviewed the letter which Congressman FRED WAMPLER sent to the Secretary of Defense urging that the Wabash River, Ind., Ordnance Works rather than the Holston, Tenn., Ordnance Works be used for this production. I must say that Mr. WAMPLER makes a very strong argument.

The cost factor differential information developed in Mr. WAMPLER's letter to Secretary McElroy of June 16, 1959, suggests that the Army's justification for its determination to transfer from the Wabash River, Ind., Ordnance Works to the Holston, Tenn., Ordnance Works a quantity of M5A1 demolition block production equipment should be subject to a reevaluation. I find myself in agreement with this position.

The estimated cost variation of some $7,000 might well be considered to be of minimal importance when weighed against the possibility of utilizing a single power source for both the WROW and the Dana plant, now that the Dana activity is to be reactivated. In addition, there is a trained labor pool readily available in the Dana area where the explosive has always been produced. Also, there is the ever-present possibility of costly equipment breakage in the process of transfer.

As I have indicated previously, Congressman WAMPLER's reasons for desiring to retain the equipment and the M5A1 demolition block order are impressive. I feel that a personal review of the statistical justification for utilizing one of the two plants will raise considerable doubt in your mind as to whether the Holston Ordnance Works represents the right choice.

I trust that you will give this matter the same careful consideration as is your consistent custom in order that the Army's interests as well as the interests of the Government will be best served.

Sincerely,

CARL VINSON,
Chairman.

HEADQUARTERS,
DEPARTMENT OF THE ARMY,
OFFICE OF THE CHIEF OF ORDNANCE,
Washington, D.C., July 10, 1959.

Hon. FRED WAMPLER,
House of Representatives.

DEAR MR. WAMPLER: As requested, I am writing to confirm the verbal information given to you during our meeting in your office on July 9, 1959, at 1130 hours that all

further shipments of equipment from the Wabash River to the Holston Ordnance Works were temporarily suspended at about 1030 hours on July 9.

For the Chief of Ordnance.

Sincerely yours,

T. W. McGRATH,
Colonel, Ordnance Corps, Assistant.

Hon. FRED WAMPLER,
House of Representatives.

DEAR MR. WAMPLER: This is in reply to your June 16 letter to the Secretary of Defense, and our telephone discussion of July 8, regarding an Army plan to produce demolition blocks at Holston Ordnance Works instead of the Wabash River Ordnance Works. You questioned this plan on the basis that the resultant savings of only $7,000 which was indicated by information available to you would not justify moving equipment from Wabash to Holston.

I understand that, unfortunately, some of the data received by you was incomplete and inaccurate. According to cost estimates developed by the Army in coordination with the contractor-operators of the two plants, production at Holston Ordnance Works will provide savings many times greater than the $7,000 shown by your calculations.

A primary element of the difference in production costs is that RDX, the major component of the demolition blocks, must of necessity be manufactured at Holston Ordnance Works regardless of whether used at that facility or at Wabash River Ordnance Works.

Inasmuch as the Army Ordnance Corps has furnished you with a copy of the latest and firmest possible estimates of production costs at the two installations, and has explained to you the basis on which they were computed, I will not forward any details with this letter.

Upon receipt of your inquiry I directed that further transfer of equipment from Wabash River Ordnance Works be held in abeyance pending resolution of the questions which you raised. Having assured myself that production at Holston Ordnance Works will result in a substantial savings of Government funds, I have authorized completion of the transfer.

I appreciate your concern over loss of the employment, even though of limited duration, which production at Wabash River Ordnance Works would have provided. I trust, however, you will understand that in making decisions of this kind I must give primary consideration to their effect on the national defense and economy rather than to the benefits which would accrue to local communities.

Sincerely yours,

WILBER M. BRUCKER,
Secretary of the Army.

HEADQUARTERS,
DEPARTMENT OF THE ARMY,
OFFICE OF THE CHIEF OF ORDNANCE,
Washington, D.C.

(Delivered Aug. 25, 1959, by Col. William F. Bobzien, Jr., Chemical Corps.)

Hon. FRED WAMPLER,
House of Representatives.

DEAR MR. WAMPLER: In accordance with your request during our meeting in your office on July 31, 1959, the following information is transmitted showing the superiority of the Holston operations over those at Wabash River Ordnance Works in the production of RDX.

The Wabash Works uses the so-called nitration process while the Holston Works uses the Bachman anhydride process which is much more efficient. Both Works utilize hexamine as a raw material.

The following comparable data will serve to indicate the superiority of the Holston operation. Cost figures are given for fiscal year 1945 since both Works were in full operation during this period:

	Wabash	Holston
RDX yield from 1 pound hexamine	1.26 pounds	1.36 pounds
Hexamine consumption per pound RDX	.860 pound	.372
Spent acid which must be recovered, pound per pound RDX	8	3
Fiscal year 1945 average total cost per pound RDX	$0.1273	$0.1025
Fiscal year 1945 average direct manufacturing cost	.0227	.0177
Fiscal year 1945 average indirect manufacturing cost	.0122	.0070

There are other factors of technical nature which further substantiate the advantages of the Holston operation, but it is believed that the above figures on costs and yield efficiency should serve to meet your request.

Also enclosed per your request are copies of statements signed by Mr. Palikucha [1] concurring with determination that it would not be feasible to produce RDX at Wabash for current requirement of demolition blocks and the revised cost analysis for production of blocks at Wabash as presented to you.

For the Chief of Ordnance:

Sincerely yours,

T. W. McGRATH,
Colonel, Ordnance Corps, Assistant.

AN IMPROVED MISSOURI RIVER WATER USE PROGRAM THROUGH SLACK WATER NAVIGATION

Mr. McGOVERN. Mr. Speaker, I ask unanimous consent to extend my remarks in the body of the RECORD and to include extraneous matter.

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

There was no objection.

Mr. McGOVERN. Mr. Speaker, as a Representative of the State of South Dakota, I am keenly aware of the important role which proper use of the great Missouri River can play in the life of our people. I take the floor of the House today in support of a proposal which I believe will result in a more profitable use of Missouri River water for South Dakota and the other Missouri Basin States.

In a letter to the distinguished chairman of the House Committee on Public Works, the gentleman from New York [Mr. BUCKLEY] dated July 17, I urged the committee to authorize the Corps of Engineers to study the feasibility of slack water navigation of the Missouri River from Yankton, S. Dak., to the mouth. I am deeply grateful that the committee graciously granted me a hearing today before the Subcommittee on Rivers and Harbors, chaired by our esteemed colleague, the gentleman from Minnesota [Mr. BLATNIK].

The availability of a sufficient supply of water is the single most serious problem facing my State at this time. This year has been one of the driest in the history of the State. This unfortunate situation highlights our concern over the fact that the water which would be available to us from the Missouri River is being wasted by being released 8 months of the year to permit free flowing navigation downstream. This water will be sorely needed for domestic and irrigation purposes and for the generation of electric power in South Dakota and the other upper basin States. While irrigation has not been developed to a large extent as yet, the experience of our farmers in this year of drought indicates how badly it is needed. Before too long the requirements in the upper basin States for irrigation alone will make it impossible to release the water necessary to provide for free flowing navigation below. There is bound to be a sharp conflict between the upper and lower States.

At the present time the REA cooperatives and the municipalities are being deprived of hundreds of thousands of kilowatts of electric power from the hydro plants already installed on the Missouri because the water is not permitted to flow through the generators in the wintertime when the power is needed, but is stored to be released during the navigation months. The installed capacity at the existing dams, excluding Big Bend, will be roughly 1,600,000 kilowatts by 1963. Due to the wasteful use of the water, only approximately 1 million kilowatts of this capacity is being contracted to be sold as firm power by the Bureau of Reclamation. This means that a considerable portion of the requirements of the preference customers will have to be obtained from other sources at a cost more than double the Bureau rate. Most of the cooperatives in South Dakota were unable to obtain loans from the REA prior to Bureau power becoming available. Due to the low population density of their consumers, many serving not more than one farm or ranch per mile, it was impossible for those cooperatives to develop projects which could repay the REA loan until the low-cost hydro power became available.

If that low-cost power is now denied them because of the improvident management of the waters of the Missouri, the repayment of their loans to the Government will be placed in jeopardy. The same is true in the other upper basin States. I am informed that if a system of slack water navigation were provided, almost the entire 1,600,000 kilowatts of capacity could be sold as firm power and navigation could still be carried on downstream in even more favorable circumstances than now. In addition, a vast additional generation capacity would be made available downstream in connection with slack water development.

At my request, Mr. Leland Olds, director, Energy Research Associates, has prepared a memorandum outlining the background of a slack water navigation program for the Missouri River below Yankton. Mr. Olds, who is a former Chairman of the Federal Power Commission, indicates that such a program offers these advantages:

(1) Better navigation, because the barge traffic will not be affected by the current

[1] Mr. Palikucha is the plant manager, Liberty Powder Defense Corp., Wabash River Ordnance Works, Newport, Ind.

which results from the fact that the river falls a total of 770 feet from the tailwater of the Gavins Point project to its confluence with the Mississippi River.

(2) Assurance that the right of the upper States to use Missouri waters for irrigation and other consumptive purposes will not ultimately curtail downstream navigation of the desired depth.

(3) Better use of the available flows for power purposes at the presently constructed and authorized main-stem projects from Gavins Point upstream to Fort Peck through eliminating the need for large releases of water during the navigation months and providing greater assurances of maintaining reservoir levels.

(4) Development of 2,200,000 kilowatts of very good hydroelectric power from the 770-foot head between Gavins Point and the mouth, using the flows to produce some 12 billion kilowatt-hours of electricity.

(5) Improved management of the sediment which is one of the major problems of the basin, with possibilities that sound sediment engineering can transform it from a liability into an asset.

Under unanimous consent I include Mr. Olds' memorandum in the RECORD following my own remarks.

I should like to point out that we are only asking that the Missouri River be developed along the identical lines as has the Tennessee River and the Ohio River and virtually all of the other rivers of the country where navigation is carried on to any considerable extent. I am pleased to report that the Inter-Agency Basin Committee has approved the study I am requesting. Many of the Governors of the Basin States, including my own Governor, Ralph Herseth, have individually urged that the study be made by the Corps of Engineers. Mr. Kenneth Holum, executive director of the Mid-West Electric Consumers Association, of Aberdeen, S. Dak., has strongly endorsed the idea as have numerous other groups and individuals who are vitally interested in the fullest possible benefits from the Missouri River.

In closing, I want to say that we are extremely anxious not to become involved in conflict with our good friends in the States below us. However, we cannot sit idly by and watch our economy deteriorate because water which is made available by dams built in our State, and which dams resulted in thousands of acres of our good farmland being taken out of production, is being denied to us and given to others. We believe that we can have the use of the water which is vital to our welfare, and at the same time our friends downstream can have their wants taken care of if the river is properly developed.

I am appreciative of the fact that the Corps of Engineers has given my request thoughtful consideration and has indicated an interest in the study. The Bureau of Reclamation, in reply to my request for an opinion, has indicated its keen interest and general approval of the survey.

I include at this point in the RECORD the statement of August 25, 1959, submitted at my request by the Bureau of Reclamation, followed by the excellent memorandum prepared by Mr. Leland Olds:

STATEMENT OF BUREAU OF RECLAMATION, AUGUST 25, 1959

The introduction of slack-water navigation in lieu of open-water navigation on the main stem of the Missouri River from Yankton, S. Dak., to the mouth of the river would provide greater flexibility in the operation of the main-stem reservoirs of Fort Peck, Garrison, Oahe, Fort Randall, and Gavins Point, and should result in a greater production and delivery of firm power to the transmission system of the Missouri River Basin project for marketing in the area. For this reason consideration should be given to a study of the possibility of slack-water navigation by the Corps of Engineers. Since present navigation releases do not coincide with the winter maximum firm power requirements of customers, a large portion of summer generation will be sold as nonfirm power since it fails to meet the basic needs of firm power customers in the basin. In addition the monetary return on the sale of nonfirm power is less than for firm power which could be realized if the reservoirs could be operated under a less strict requirement for navigational releases. With slack-water navigation, reservoir releases could be controlled more nearly to meet the needs of customers on a firm power basis. In addition slack-water navigation might provide a means of utilizing the potential head for power production between Yankton and the mouth by utilizing sites chosen for the installation of locks to install power equipment for the development of additional power resources not possible under the present plan. The method of navigation proposed for the river below Yankton would not interfere with the development of irrigation.

SLACK-WATER NAVIGATION PROGRAM FOR THE MISSOURI RIVER BELOW YANKTON—MEMORANDUM BY MR. LELAND OLDS

A comprehensive program for multipurpose development of the Missouri River Basin requires improvement of the main stem below Yankton for slack-water navigation and hydroelectric power as a complement to the presently authorized programs of the Corps of Engineers and Bureau of Reclamation. In terms of the great values which such an addition to the program offers, the undertaking of the necessary studies by the Corps of Engineers is urgent.

The slack-water navigation program for the lower river has been considered as a solution to these problems: (a) How to assure, particularly during long dry cycles, ample water for irrigation and other consumptive purposes while maintaining 9-foot navigation below Yankton; (b) how to assure optimum use of power installations to meet demands for electricity without sacrificing navigable depth in the lower river; and (c) how to conserve the full hydroelectric potential of the river system.

BENEFITS OFFERED

Slack-water navigation in the Missouri River between Yankton and its mouth offers the following advantages:

(1) Better navigation, because the barge traffic will not be affected by the current which results from the fact that the river falls a total of 770 feet from the tailwater of the Gavins Point project to its confluence with the Mississippi River.

(2) Assurance that the right of the upper States to use Missouri River waters for irrigation and other consumptive purposes will not ultimately curtail downstream navigation of the desired depth.

(3) Better use of the available flows for power purposes as the presently constructed and authorized main-stem projects from Gavins Point upstream to Fort Peck through eliminating the need for large releases of water during the navigation months and providing greater assurance of maintaining reservoir levels.

(4) Development of 2,200,000 kilowatts of very good hydroelectric power from the 770 foot head between Gavins Point and the mouth, using the flows to produce some 12 billion kilowatt-hours of electricity.

(5) Improved management of the sediment which is one of the major problems of the basin, with possibilities that sound sediment engineering can transform it from a liability into an asset.

GOVERNORS SUGGEST SLACK WATER IN 1944

At the February 18 and 22, 1944, hearings, before the Committee on Rivers and Harbors of the House of Representatives, considering the river and harbor bill, Governors and other representatives of upper Missouri Basin States suggested slack-water navigation on the lower river as a means of protecting full use of water for irrigation.

Thus Gov. John Moses, of North Dakota, presenting a joint statement with Gov. Sam C. Ford, of Montana, and Gov. Lester C. Hunt, of Wyoming, said:

"We are not opposing the use of a reasonable amount of water for navigation below Sioux City but we are emphatic that the use in perpetuity of 32,000 or 35,000 cubic feet per second out of an average annual flow of 37,600 does not constitute either the most economic or the most beneficial use of such a valuable natural resource. If there could be inserted in the river and harbor bill or this committee should insert in your flood control bill language which guarantees a certain fair and equitable portion of Missouri River water for upstream consumptive use, an amount which might be agreed upon, and provide further a program for ultimately installing locks and dams so that as upstream demands increased the lock and dam installation program could provide the same or better water navigation with less and less water, thus releasing more and more water for upstream use, we believe that you would be pointing in the direction of a fair and equitable solution to the problem, and greatly aid in a constructive economic development of the entire Missouri River Basin" (p. 4).

In this hearing Representative Frank A. Barrett, of Wyoming, said:

"We have not the slightest conflict with flood control on the Missouri. We want it. We really have not any conflict with navigation. If they would install locks and dams below Sioux City they can have navigation; but if there is a conflict, then I would say by all manner or means the people living in the upper States of the Missouri River Basin are entitled to first use of the water" (p. 38).

In the same hearing Commissioner of Reclamation Harry W. Bashore pointed out that "the future development of such States as Montana, Wyoming, North Dakota, South Dakota, Nebraska, Kansas, and Colorado will require additional irrigation." He said:

"It seems to me that the Congress should consider the effect the proposed navigation project and the closely coordinated flood-control projects presently before this committee may have on upstream irrigation developments. Perhaps only still-water navigation effected through the installation of a system of locks would permit the proposed 9-foot channel consistently with the increased consumptive use upstream for irrigation that is essential in the interest of the upper basin States" (p. 33).

To meet the questions raised as to possible conflict in use of waters between future irrigation and the proposed 9-foot waterway in the lower river, the O'Mahoney amendment was added to the bill, which provided:

"SECTION 1. (b) The use of navigation, in connection with the operation and maintenance of such works herein authorized for

construction, of waters arising in States lying wholly or partly west of the 98th meridian shall be only such use as does not conflict with any beneficial consumptive use, present or future, in States lying wholly or partly west of the 98th meridian, of such waters for domestic, municipal, stock water, irrigation, mining, or industrial purposes."

POWER POTENTIAL IN CONNECTION WITH SLACK-WATER NAVIGATION

During the later 1940's Federal Power Commission engineers, speaking at meetings of the Midwest Power Conference and the Missouri Inter-Agency River Basin Committee, called attention to the power potential available in connection with slack-water navigation program for the lower river. Speaking before the Midwest Power Conference in Chicago, April 4, 1946, B. H. Green, Federal Power Commission regional engineer, placed the total potential power in the Missouri Basin at about 5 million kilowatts, with an average annual generation of 25 billion kilowatt-hours. He said:

"As an instance of potential power may be mentioned the main stem of the Missouri River from Gavins Point on down to its mouth. In this reach there is a fall of about 700 feet and a potential possibility of from 10 billion to 15 billion kilowatt-hours per year. The eventual development of all or part of this is, of course, problematical; but it is important that the possibility of its realization be kept in mind, especially in the Commission's recurrent appraisals of power possibilities and probabilities" (p. 2).

This was in general reiterated in 1947 at a Cheyenne, Wyo., meeting of the Missouri Basin Interagency Committee, by Lester C. Walker, engineer, of the Federal Power Commission Chicago regional office.

FEDERAL POWER COMMISSION MEMORANDUM EMPHASIZES NEED FOR REEXAMINATION OF MISSOURI RIVER BELOW GAVINS POINT

In its memorandum of May 1950 on the Missouri River Basin, prepared in response to a request from the President's Water Resources Policy Commission, the Federal Power Commission referred to 119 projects in the category of undeveloped power in the basin which "would provide an estimated aggregate installed capacity of 6,195,000 kilowatts with an average annual generation of 30,987,700 kilowatt-hours." This is additional to the 8 projects then under construction and the 19 authorized, with combined capacity of about 2,400,000 kilowatts and combined energy of about 10 billion kilowatt-hours.

Concerning the potential in the lower river the Commission memorandum says:

"That portion of the Missouri River main stem from the Gavins Point damsite to the mouth has been surveyed and studied for navigation and flood control, and construction work to provide open river navigation and flood protection by levees is in progress. Extensive surveys and studies to determine the feasibility of developing the power potentialities of this stretch have not been made. However, this section should be thoroughly reexamined in the light of the reduced silt load anticipated and in view of the changed regimen of the river that will obtain following the completion of the presently authorized storage reservoirs above Sioux City for the purpose of determining the feasibility and practicability of developing the potential of 2,200,000 kilowatts of hydroelectric power capacity in the stream, possibily in connection with the development of slack-water navigation" (pt. I-3).

After some discussion of the Commission principles of project formulation, the Commission memorandum proceeds:

"Considerable in the way of additional investigations are necessary in the Missouri Basin before it can be felt that the Commission's principles of river basin development have received full application to further possibilities for the development of power. An important case at point are the possibilities for slack-water navigation below Yankton, S. Dak., with attendant large blocks of power, improvement of power output at the main-stem dams at Gavins Point and above, and a very beneficial easing of conflicts in water use between upper and lower basin States" (pt. II-11).

Then in discussing specific policy problems as they have developed in the Missouri Basin, the memorandum has the following to say about conflicts between upstream and downstream interests in the use of the water resources of the basin:

"The use of water for irrigation purposes in the upstream areas of the Missouri River Basin conflicts with its use for navigation and other purposes in downstream reaches of the river by reducing the available flow at downstream points. However, existing legislation subordinates the use of water for navigation in the basin to its use for irrigation. There is the possibility, therefore, that future irrigation development may so reduce the flows as to jeopardize the planned open river navigation on the lower Missouri River. In this event, maintenance of navigability of the river would require the provision of slack-water navigation, which would permit the fullest development of irrigation upstream and also make possible the production of large amounts of hydroelectric power" (pt. III—1-2).

After recognizing the sediment problems in connection with any plan of development in this river basin, the Commission memorandum then turns to a specific discussion of the advantages of a power and slack-water navigation program below Yankton, S. Dak. It says in part:

"Large reservoirs on the upper river are being built to impound surplus waters of the upper basin to create a dependable source of water for irrigation, navigation, power, and domestic and industrial water supplies. Under present plans there will be conflicts and limitation in the use of water because of a disproportionate storage development which provides adequate control in the upper basin above Yankton and very little control in the lower basin. The lower river must rely in major part on storage reservoirs in the upper basin for flow regulation for navigation and other purposes. The Pick-Sloan plan has partially resolved the conflict between upstream use of water for irrigation and downstream use for navigation by provision of large holdover storage reservoirs designed to operate for both purposes.

"It is possible that there may not be sufficient water in the upper basin for the long-range development of both upstream irrigation and downstream navigation of the desired depth unless the lower river is canalized for power and slack water navigation, accompanied by greater regulation of water and silt originating from tributaries of the lower basin. A plan for slack-water navigation would make possible the development of hydroelectric power of a better character than is now possible at upper main stem projects, and more efficient navigation, and would resolve, in large part, conflicts and limitations in the use of water. Under such a plan, the water available for irrigation would be less restricted, reservoir operation would provide for augmentation of low flow and power when most needed in fall and winter and at a time when Mississippi River navigation needs additional flow, floodflows would be reduced by additional reservoirs and retarding basins, and navigation would be improved by a waterway with more depth and less velocity.

"Although sufficient studies have not been made to determine exact methods of developing slack-water navigation, if the silt and river stabilization problems can be resolved, and if slack-water navigation and power can be developed feasibly, an aggregate power installation at lower main-stem dams of about 2,200,000 kilowatts could be made, capable of generating, in the average year, about 12 billion kilowatt-hours after allowance for irrigation depletion" (pt. III-5).

CORPS OF ENGINEERS PREPARED TO DEAL WITH SEDIMENT PROBLEM

In a corresponding report to the President's Water Resources Policy Commission, dealing with the Missouri River Basin, the Corps of Engineers discusses at some length its preparedness for dealing with the sediment problems of this basin. In this report the corps says:

"Because of the importance of the sediment problem to many projects under the jurisdiction of the Corps of Engineers, the Missouri River division of the corps has well under way an unprecedented and comprehensive sediment study program which is aimed at protection against possible sediment hazards and at taking advantage of certain sediment phenomena to induce more prompt and complete control of the Missouri River. In the conduct of this program, the advice and assistance of most of the recognized authorities in this field are being utilized" (pt. III-11).

The Corps of Engineers report summarizes its work on the sediment problem as follows:

"In summary, Corps of Engineers procedure in regard to the sediment problem involved in the development of water projects in the Missouri Basin is guided by a policy of (1) searching out and evaluating in advance all types of potential sediment hazards and opportunities, (2) making adequate provisions for handling potential sediment hazards associated with corps projects, and (3) deliberately planning to take full advantage of new valuable opportunities which may be afforded by sediment phenomena" (pt. III-12).

PRESIDENT'S WATER RESOURCES POLICY COMMISSION CONSIDERS SLACK-WATER POSSIBILITY

In its report to the President, volume II, entitled "Ten Rivers in America's Future" (1950) the President's Water Resources Policy Commission included an analysis of the potentialities and problems of the Missouri River Basin. In its tentative list of hydroelectric power possibilities other than projects under construction, authorized, and recommended or contemplated, it includes the following between Yankton and the mouth of the river: [1]

	Ultimate capacity (kilowatt-hours)	Average annual energy (kilowatt-hours)
Yankton to Sioux City	160,000	700,000,000
Sioux City to Nebraska City	400,000	2,200,000,000
Nebraska City to Rulo	100,000	600,000,000
Rulo to Kansas City	340,000	2,000,000,000
Kansas City to mouth	1,200,000	6,500,000,000
Total	2,200,000	12,000,000,000

Pointing out that "further study is required to determine more definitely the details and desirability of such projects" it says: "For example, the totals include some 2.2 million kilowatts of capacity that might be developed in connection with slack-water navigation on the Missouri River below Yankton. Such possibilities are contingent on solving such difficult problems as sedimentation, obtaining adequate foundations for project structures, pollution, valley land

[1] These are not specific projects but potentialities in connection with slack-water navigation development of specified reaches of the river.

inundation, seepage of valley lands, and relocation of existing facilities" (pp. 178–179).

Referring to the fact that the 15 million acre-feet of water required during the navigation season "cannot yet be accepted as a certainty during an extended dry period" the report continues, "The compatibility of navigation therefore must be examined in the light of possible adjustments in the navigation plan to reduce its flow requirements." It lists such possible adjustments as "increased channel maintenance; shortened navigation seasons; refinement of bank stabilization control works; and slack-water navigation" (vol. II, p. 200).

Later, in discussing the rate of power development and integration with navigation and other purposes, the President's Water Resources Policy Commission report on the Missouri Basin says in part:

"The possible future provision of slack-water navigation on the Missouri River between Yankton and the mouth would make possible the development of some 2.2 million kilowatts of generating capacity in the area of greatest need. Such development would improve navigation conditions by reducing velocities, and help resolve possible conflicts between consumptive use of water upstream and navigation requirements downstream.[2] It would also improve the character and value of power produced at main stem reservoirs by eliminating the need to conserve water for navigation months, a procedure which results in reduced flow during winter months, and smaller power output.

"Power possibilities at reservoirs on lower basin tributaries would also be improved by slack-water navigation on the Missouri River. The large planned water releases from these tributary reservoirs in the interest of navigation on the Mississippi River could be reduced if larger winter releases were permitted from main stem Missouri reservoirs" (vol. II, p. 256).

The report refers to the future needs for power in the lower Missouri River Basin and notes that some of it may be supplied from the 2.2 million kilowatts developed as part of the slack-water navigation plan. It adds: "The possibility of this needed power gives added justification for slack-water navigation works. However, development of this power, like navigation, can proceed only after sediment control and channel stabilization are well along" (vol. II, p. 256).

SENATE INTERIOR COMMITTEE HEARINGS ON FEDERAL POWER MARKETING PROBLEMS SUPPORT URGENCY OF SLACK-WATER NAVIGATION SURVEY

Important testimony before the Senate Committee on Interior and Insular Affairs, in its hearings in February 1959 on Federal power marketing problems, supports the conclusions that full use of Missouri waters for all purposes will be incomplete without provision for slack-water navigation in the lower river below Yankton, S. Dak. Among other things, the evidence is clear that the large releases of water, required to maintain 9-foot depth navigation during the 8-month navigation season, result in the production of a surplus of energy at the main-stem powerplants during the summer, balanced by corresponding deficit of energy to support the capacity available in winter months.

Early in the hearings a witness placed in the record a joint memorial of the Montana Legislature urging Congress to investigate the supply, control, allocation, and use of Missouri Basin waters and power (p. 12). And J. W. Grimes, chief engineer and executive officer, South Dakota Water Resources Commission, presented a statement of Gov. Ralph Herseth of South Dakota, whose first recommendation reads as follows:

"As Governor of the State of South Dakota, in the best interests of the people of the State, and so that South Dakota may make its proper contribution to the national economy:

"1. I urge then, that the Congress initiate an investigation of slack-water navigation on the lower Missouri River as a sound technique for water conservation" (p. 24).

Similarly A. S. Wendel, vice president of the Northwest Iowa Power Cooperative, and the Woodbury County Rural Electric Cooperative of Iowa, speaking also as vice president of the Midwest Electric Consumers Association, said:

"Finally, it must be admitted that there are many divergent views about the use and management of the Missouri River. These ideas involve navigation, flood control, recreation, irrigation, power generation, etc. It is only too obvious that the maximum of all these recognized benefits can only be obtained through the proper management of that precious resource—water. There is one method used on practically every other river in the country and has been the means by which the maximum of all benefits has been obtained. I refer to slack-water navigation. We urge that authorization be granted for an immediate engineering study of slack-water navigation on the Missouri River" (p. 29).

Virgil T. Hanlon, manager of East River Power Cooperative of South Dakota, member of the Governor's Power Supply Committee, testified that 600,000 kilowatts of the Bureau of Reclamation generating capacity in the river was being left unfirmed and that, when firmed up, it would give preference customers more than 100 percent of their 1965 needs. The second of his seven recommendations, "2. Initiate a study of the feasibility of slack-water navigation."

The hearing record contains the "Summary Report on Operation of Missouri River Main Stem Reservoirs, 1958–59," by R. J. Pafford, Jr., Chief, Reservoir Control Center, U.S. Army Engineer Division, Missouri River, and a "Review by the Coordinating Committee on Missouri Main Stem Reservoir Operations" of testimony on this report at a public hearing. Both reveal the extent to which wasteful use of water to maintain open river navigation during 8 months of the year is creating problems in terms of other uses of the river, particularly power. The committee held that the suggestion that a solution could be found in slack-water navigation was beyond its responsibility (pp. 51–52).

The coordinating committee expresses its view "that both navigation and power are important primary functions of the main stem reservoirs, and that both functions, along with the others, are to be served equitably." It refers to the report of a special subcommittee of the Missouri River Interagency Committee indicating that, when the main stem reservoir system is completed, "operations completely ignoring navigation would produce power benefits only 2 to 10 percent greater than with multiple-purpose operations serving both functions." On this basis, it found "no economic justification for eliminating navigation service in the interest of power production" (p. 63).

The alternative is, of course, slack-water navigation which would both improve navigation and secure up to 10 percent greater power benefits from the presently authorized power projects, as well as the large block of additional power associated with a slack-water program for the lower river.

In the hearings, William E. Trommershausen, engineer of R. W. Beck Associates, employed by the Midwest Electric Consumers Association, testified:

"In our 1957 report to this committee, we pointed out that the firming up of Federal hydro power by thermal power in the Missouri Basin required a comprehensive study, and that such a study should be the responsibility of the Federal Government, with cooperation from preference customers and others as required" (p. 94).

Reference to the Senate Interior Committee's 1957 hearings on "Missouri Basin Water Problems," finds this witness stating:

"It is my conviction that power marketing studies may show that the ultimate capacity of the Federal hydro system in the Missouri Basin will eventually find its greatest use and value when used as peaking capacity for an integrated regional power network owned and operated by the Federal Government, cooperatives, municipalities, power districts, and the private utilities" (pp. 200–201).

Full use of these Missouri River projects for peakload, in conjunction with large modern steam generating stations carrying baseloads, could be greatly facilitated if operation of valuable reservoir space was not largely determined by the requirements of heavy summer releases of water for open-flow navigation below Yankton, S. Dak. This emphasizes the extent to which provision for slack-water navigation in this lower river may be found to support great gains for the people of the basin.

A comprehensive survey of the feasibility of a slack-water navigation program for the lower Missouri River will take such possibilities into account. It may provide the basis for multiplying several times over the hydroelectric capacity which the region can ultimately obtain from this river.

In this connection, it should be noted that the great progress in large-scale fuel plant technology is not rendering hydroelectric development out of date, nor will its importance be undermined by the early achievement of competitive atomic power. Quite the contrary, great thermal stations will operate most economically on the base or intermediate portions of the load, with hydroelectric plants, including pumped storage projects, assigned to serving peakloads and portions of the base.

The importance of such use of the hydroelectric power available from the Missouri Basin program was emphasized in a paper delivered by E. Robert de Luccia, then Chief of the Federal Power Commission Bureau of Power, before the Midwest Power Conference in 1947 at Chicago. His subject was "Coordination of Hydroelectric and Steam Electric Power in the Missouri River Basin." After discussing the possibilities of the present Missouri Basin program, and presenting charts to illustrate the use of hydro in conjunction with steam-generated power, he emphasized the special value of hydro as follows:

"Hydroelectric units are well adapted to supply the varying load demands because they have the ability to start from standstill and synchronize with the load in a small fraction of the time required for steam units. Capacity in addition to that represented on these curves must be kept in readiness to provide against emergency outages of equipment. The hydroelectric units with their quick-starting characteristics will provide a high degree of standby readiness for such emergencies.

"With hydroelectric units carrying the peak portion of the load, the fuel-electric plants can be scheduled to operate at best efficiency to carry block loads for several hours each day or to supply base loads. Such operation would save the banking of extra boilers which is required if steam-electric units are kept in readiness to operate on short notice for supplying unexpected load increases or to carry load during emergency outages of equipment" (p. 15).

CHIEF OF ARMY ENGINEERS SUPPLEMENTARY MEMO TO SENATE INTERIOR COMMITTEE SUGGESTS FURTHER SLACK-WATER STUDY

At the request of Chairman MURRAY of the Senate Committee on Interior and Insular

[2] There are other problems requiring solution before slack-water navigation may be considered feasible. Among them are sediment control, pollution abatement, seepage into valley land, and land inundation.

Affairs, the Chief of Army Engineers submitted further comments on previous testimony at joint hearings of the Interior and Public Works Committees held in May 1957 on Missouri Basin water problems. Enclosure No. 5, contained Corps of Engineers comments on "Slack-Water Navigation, Missouri River, Sioux City, Iowa, to the Mouth" (hearings p. 439–442).

The Corps of Engineers memorandum makes it clear that previous studies of slack-water navigation in this reach of the river were undertaken during the preparation of the 308 report on the Missouri River (published as H. Doc. No. 238, 73d Cong. 2d sess. in 1934) and are now out of date. It concludes with the suggestion that "in view of major physical and economic changes in the Missouri River Basin since prior studies of this type of improvement, it might be desirable to undertake an investigation of preliminary examination scope so that authoritative and up to date data on costs and benefits will be available." It estimated the cost of such an investigation at between $100,000 and $200,000, with between 2 and 3 years required for its completion.

Dealing with physical and economic changes since completion of prior studies, the memorandum states that the Missouri Basin program as it has developed since the 1932 report is steadily reducing the problems of floods, sediment, and bank stabilization which were previously obstacles to a slack-water program. Offsetting these gains, it sees resulting improvement of flood-plain properties as increasing the cost of acquiring lands which would be inundated. But the memorandum stresses particularly the fact that "estimated future power demands are of a magnitude totally unforeseen at the time of earlier studies, with the result that the possibility of incorporation of power production into a slack-water navigation project should not be neglected in future studies."

The memorandum recognizes that construction costs have increased greatly since prior studies but adds, "there have been major advancements in construction methods, tools, and materials which should make possible certain economies in spite of the general price rise." This, and other parts of the memorandum indicate that, while approaching the possibilities of slack-water navigation with a caution which tends to emphasize the obstacles, the Corps of Engineers feels that a new study should be undertaken.

RECENT STATEMENT OF DIVISION ENGINEER CONFIRMS DESIRABILITY OF STUDY

On April 14, 1959, the Missouri Basin Interagency Committee, meeting at Council Bluffs, Iowa, adopted a resolution requesting the Corps of Engineers to undertake such a study. The committee includes representatives of the Federal departments and agencies concerned with river basin problems as well as of the Governors of the States which share the basin. At the committee's June 10, 1959, meeting in Douglas, Wyo., Maj. Gen. Keith R. Barney, U.S. Army division engineer for the Missouri River, responded in a paper which confirms the conclusion that a restudy of the possibilities of a slack-water navigation would be constructive.

He said that any future studies should be initially of preliminary examination scope. But he added that "they should be in sufficient detail to provide reasonably firm answers concerning practicability, cost, and economic justification." He suggested the possibility of a program combining high dams and low dams, depending on cost of flowage damages, as a possible answer. He said:

"Layout and design of structures would be of major importance. Since economical power installations would require dams of substantial head and since such dams would cause inundation of large areas of fertile bottomland, comparative studies should be made of higher dams capable of power development but causing more land inundation and lower dams not permitting power development but holding land inundation to a minimum. Possibly, a combination of the two types might prove practicable, the lower dams to be used where flowage damages would be particularly high and the higher dams to be used where returns from power production would warrant the increased flowage damages."

General Barney then outlines the nature of the study required and estimates that such an investigation would cost $200,000 to $300,000 and require 3 to 4 years for completion. He points out that the Corps of Engineers will need authorization and appropriation by Congress to undertake the study and concludes:

"If the necessary authority and funds are provided, the Corps of Engineers will undertake the investigation. There can be no assurance now that the results of the investigation would be favorable to undertaking a project for slack-water navigation. The study, however, would make it possible to obtain authoritative information concerning the cost and economic justification of such a project. Accordingly, the investigation would be of value even if the results should turn out to be unfavorable."

GENERAL CONCLUSIONS

Clearly, in the light of the facts set forth above, a survey of the possibilities of adding slack-water navigation and power development in the lower river to the comprehensive Missouri Basin program should be promptly undertaken. It offers both upper and lower basin States the opportunity to eliminate conflicts over use of water by assuring the fullest multiple-purpose use of all parts of the river and its tributaries.

Water is a priceless asset to any civilization. The importance of conservation and use of this asset will rapidly increase as the country's population pushes toward projected 200 million and 300 million levels. To fully serve our needs, a program for development of this or any other river must meet the challenge to make the greatest possible use of the basin runoff for all purposes before it flows to the sea.

WASTE IN DEFENSE CONTRACTS

Mr. SANTANGELO. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

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

There was no objection.

Mr. SANTANGELO. Mr. Speaker, our Nation has been deeply aroused by the tremendous Federal expenditures, and especially the waste in defense contracts. Many legislators have received messages from their constituents urging Congress to economize. I would like to bring to the attention of the House the selfish, mercenary, and irresponsible conduct of airframe defense contractors. Specifically, I refer to the resistance of certain aircraft companies to refund to our Government the amount of excessive profits from payments made by the Federal Government. The law requires that these excessive profits be returned to the United States after the Federal Renegotiation Board has determined that the companies have overcharged the Federal Government.

Seven major aircraft companies have made over $105 million of excess profits from 1953 through 1955 and refuse to refund these sums to the United States. This $105 million and hundreds of millions more are moneys which belong to the people of the United States. They are due the Federal Government. The amount of excess profits from 1956 through 1958 have not been determined as yet. Most likely, they will run into the hundreds of millions.

Perhaps some of the retired military, who are directors of these defense contractors, could use their influence to convince their business colleagues who made millions of dollars in excess profits to repay the U.S. Government and thereby relieve to a certain extent the U.S. Government from the obligations to borrow money to pay these defense contractors on current contracts.

These recalcitrant companies are led by North American Aviation, Inc., which made $29 million of excess profits from 1953 through 1955 and refuse to pay. In 1957 the Defense Department gave to North American Aviation Co. $647.7 million of defense contracts, and for the first half of 1958, the Defense Department gave North American Aviation, Inc. $570 million of defense contracts. While we must borrow money to pay these companies for defense contracts, these same companies, which are by statute required to refund their excess profits, refuse to do so. I list the companies which owe refunds and refuse to pay while receiving millions of dollars of new defense contracts.

[In millions of dollars]

	Amount of excess profits which company resists payment	Amount of business company received fiscal 1958	Amount of business company received 1st half fiscal 1959
North American Aviation	29	647.7	570.0
Boeing	27.5	2,131.0	392.3
Fairchild Engine & Airplane Co	2	103.2	32.0
Lockheed Aircraft Co	12	755.1	442.0
The Martin Co	9.75	400.2	232.2
The Temco Aircraft Co	4.25	46.5	16.4
Douglas Aircraft Co	12	513.4	379.9
Grumman Aircraft	8.5	245.2	16.2

Douglas Aircraft and Grumman Aircraft have made refunds, but are contesting the amount of excess profits, which they have a right to do. The Martin Co. and Boeing Airplane have refunded part of the excess profits and are contesting the amounts refunded and not refunded.

Certain airframe manufacturers have demonstrated their patriotism and unselfish attitude by refunding excess profits when the Renegotiation Board made a determination of excess profits. They have made refunds without contesting the amount or litigating the determination. I commend them and am glad to list their names: Bell Aircraft Corp., McDonnell Aircraft Corp., Northrop Aircraft, Inc., Chance Vought Aircraft, Inc., Consolidated Vultee Aircraft Corp., Republic Aviation Corp.

I urge the Congress to demand that the Attorney General prosecute these claims for refunds which have been pending too long and I urge the Defense

Department not to favor those defense contractors who refuse to refund their excess profits and cause this Government to borrow more money than necessary.

TWENTY-SEVEN AND ONE-HALF PERCENT DEPLETION RATE FOR OIL AND GAS

The SPEAKER. Under previous order of the House, the gentleman from Oklahoma [Mr. JARMAN] is recognized for 60 minutes.

Mr. JARMAN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include extraneous matter and a table.

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

There was no objection.

Mr. JARMAN. Mr. Speaker, in this special order I will not cover all of the detailed information I have prepared, so at the inception of my remarks let me say to the membership of the House that I would like to speak on some aspects of the present 27½ percent depletion rate for oil and gas. Let me summarize four of the principal points I would like to make in this statement on this important subject:

First. I take the position that it has accomplished the job laid down 33 years ago by the Congress in that it has served to make available to the American public adequate supplies of petroleum both in peace and at war, at reasonable prices.

Second. This percentage of depletion allowance has become an integral part of the economic fabric of the entire petroleum producing industry.

Third. It does no more today than to recognize the discovery value of oil, as originally intended by the Congress. In fact, the evidence is persuasive to me, Mr. Speaker, that the 27½ percent of the present price of crude oil is actually inadequate to cover the average cost of discovering new oil reserves.

Fourth. Mr. Speaker, statistics on earnings based on stockholders' equity show that even with percentage depletion, the rate of return for the domestic petroleum industry during the years 1956, 1957, and 1958 amounted to an average rate of 9.97 percent in comparison with an average of all manufacturing companies of 11.92 percent during the same period.

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

Mr. JARMAN. I yield to the gentleman from Oklahoma.

Mr. ALBERT. Mr. Speaker, I desire to compliment my colleague upon his presentation and to associate myself with the remarks he is making. The gentleman's address illustrates the kind of careful thought and attention which he characteristically gives to every subject of great importance to our State and to our country.

It is a truism to state that the future strength, security, and standard of living of our people are no greater than our petroleum and gas reserves. There is no industry more important to our country than the oil and gas industry. The future strength of the industry is tied indispensably to the 27½-percent depletion allowance which has been a part of the law of the land for about 33 years. Any reduction in this historic depletion allowance would literally shake this industry to its foundation. In the first place, such a reduction would cripple the search for new oil and gas fields and therefore would result in the long run in less revenue for the Federal Government. The oil and gas industry is a big taxpayer. While more revenue might result temporarily from reducing the historic depletion allowance, in my judgment, the impact would be so great that it would only be a matter of months before revenue from this industry would begin to decline and to decline sharply. In the second place, by curtailing exploration to a damaging degree, lowering the depletion allowance would jeopardize the tax structures of all of the oil producing States of the country. Most of these States depend heavily upon the development of new oilfields and production therefrom for a large portion of State revenues. Third, it would not only retard explorations but would result in premature abandonment of stripper fields which cannot operate without this allowance. Fourth, it would greatly diminish, if not wreck, values to farmers, royalty owners, small operators, and others who have hundreds of millions of dollars of property in unproduced reserves. It would wipe out hundreds of millions of dollars of assets because of its depressing effect throughout the entire oil industry. The cost of exploration being what it is, the reduction of the 27½ percent depletion allowance would bring exploratory operations in this country to a standstill. It would make financing of oil operations impossible and would jeopardize the structure of every financial institution now serving the oil industry. It would wreck the financial structure of every important oil producing State and would take from these States one of the few sources of revenue left to them.

Again I want to compliment my colleague, the gentleman from Oklahoma [Mr. JARMAN], upon his statement and to thank him for bringing this timely matter to the attention of the House. I also want to thank the gentleman for yielding to me.

Mr. JARMAN. I thank my colleague for his fine contribution.

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

Mr. JARMAN. I yield to the gentleman from Oregon.

Mr. PORTER. As it happens, tomorrow I have a special order following the legislative business of the day. I am taking the other side of the argument. While I do not engage in controversy for controversy's sake, yet I always feel that controversy is good in the search for truth.

Mr. JARMAN. I will be interested in hearing the gentleman's remarks.

Mr. PORTER. I will look forward to seeing the gentleman there. My notion is somewhat different from the gentleman's, as the gentleman may well contemplate. For example, I would like to have the gentleman's comment on the case I will cite in a moment as an example of how this oil depletion allowance works. This information was given me by the Bureau of Internal Revenue.

A few years ago, in 1951, an oil man whom we will call taxpayer A received a total income of $14.3 million. The tax he paid was $80,000, or 0.6 percent. Then taxpayer B, likewise an oil man, made an income of something like $4.4 million. The tax he paid was $150,000, or 3.4 percent. In contrast we have a man in another line of business whose income was $400,000. He paid a tax of $338,750, or almost 85 percent of the total. To me that does not seem equitable. I wonder what the gentleman thinks?

Mr. JARMAN. I wonder if the gentleman would bear with me while I develop the subject for I believe during the course of my remarks I will cover the general field in which the gentleman is interested.

Mr. Speaker, for the past year we have seen spread on the CONGRESSIONAL RECORD numerous and somewhat one-sided discussions of an important congressional tax policy—one sided at least in the sense of the number of words used. This congressional policy to which I refer is that of the differential tax treatment authorized the minerals industry—a part of which is the 27½ percent depletion rate for oil and gas production.

Mr. Speaker, I do not hold myself out to be an expert on taxation or economics. Studies and recommendations involving these two very important subjects are, as they should be, in the hands of our duly constituted committees—the Committee on Ways and Means and the Joint Economic Committee.

Mr. Speaker, I understand the Ways and Means Committee as a part of its overall study of the entire tax code this fall will go into the matter of percentage depletion for the minerals industry.

I believe this to be a constructive step, particularly in light of many things that have been said in the Halls of Congress over the past year about percentage depletion. I am hopeful this committee will furnish this body with some enlightenment on the many factors that have gone into the development of our tax policies affecting the minerals extractive industries.

In making its studies and in the development of its recommendations in this area I am confident that this outstanding committee of Congress will keep in mind a recent statement placed before this committee by the Treasury Department regarding percentage depletion. I quote it in part:

> A sound national policy must, of necessity, provide for the development and replenishment of all our vital mineral resources as a part of our economic arsenal to insure our security and to provide for growth and expansion. Only in this manner can we provide the goods and services in peacetime requisite to our national development and to provide work opportunities for an expanding labor force and for the best use of technological developments. Such a policy requires that we develop such resources at a rate that will, on the average, exceed the rate of domestic demand. Only then will we have a margin which can be used should we be confronted with emergency demands

either for our own use or for that of our allies.

The philosophy of percentage depletion must, therefore, be properly examined not only in the context of our overall tax structure but in the light of such national considerations as those suggested.

Now, Mr. Speaker, as I stated in the beginning I do not hold myself out as an expert, but I have acquainted myself quite thoroughly with just why Congress more than 46 years ago authorized a differential tax treatment for the minerals industry, and just why it is in the best interest of our Nation and its citizens to continue the present tax laws affecting oil and gas production.

With your permission I would like to lay on the record the results of my study and consideration of this vital tax provision—the 27½ percent depletion rate petroleum production.

First, I would like to clarify one important misconception so often heard regarding percentage depletion.

It is not preferential treatment. It simply recognizes the peculiar nature and characteristics of the petroleum industry and provides a means of equalizing its tax treatment with that of other industries which do not constantly use up their capital with each sale of their product as do oil producers each time a barrel of oil is extracted from the ground.

You may ask them this question. How else does petroleum production differ from manufacturing and other industries?

Last year, as has been the case every year over a long period of years, eight out of every nine exploratory wells were dry. That is, not 1 penny in return to show for the money spent in drilling these wells. To be exact, in 1958, 9,588 exploratory wells were drilled and 8,237 found no oil. Many, many of those classed as successful wells later prove to be unable to produce sufficient oil to pay for their cost.

Costs of drilling a single oil well today in many cases exceed $1 million, and even in proven territory one out of four wells are dry.

Mr. Speaker, Members of this body should now be pretty well acquainted with Government statistics for the latest year available—1955, which show that the petroleum industry spent $5.1 billion in the search for and development of new petroleum reserves. This large sum was equivalent to $2.40 per barrel of net crude oil production for that year—1955.

Based on the U.S. Bureau of Mines average wellhead price of crude oil for the year 1955 of $2.77 per barrel, the theoretical maximum percentage could not have exceeded 76 cents per barrel. This depletion figure, however, for petroleum producers is a theoretical maximum, based on the 27½ percent rate, rather than the actual amount of depletion since the 50 percent of net income limitation reduces the average effective depletion rate for the petroleum industry to no more than 23 percent.

Thus, the domestic petroleum industry's exploration and development expenditures alone in 1955—not including lifting costs, taxes, and so forth—totaled $2.40 per barrel or more than 3 times the maximum percentage depletion of 76 cents. That is, for every dollar from percentage depletion plowed back in the search for new oil reserves, the producing industry put up and spent $2 from other sources.

This information, detailed in the attached table, clearly demonstrates that the petroleum producing industry requires new capital far in excess of the depletion deduction to carry on the constant search for new oil and gas reserves.

Add to this, Mr. Speaker, the fact that over 70 percent of the gross income of the domestic oil producing industry is plowed back each year to carry on the job of looking for oil. These large expenditures of course are necessary because finding oil is a costly operation.

I cite these statistics to show to my colleagues that what we find when we analyze the petroleum industry is an industry that cannot be compared to any other industry. The risky nature of the petroleum industry must be taken into consideration in framing our tax laws. Finding oil is most uncertain, and there is only one way that this business can be carried on, and that is by wildcatters, explorers getting out in advance, exploring new territory, taking chances, running risks in the hope of sooner or later bringing in a new well and new oilfields. Unlike the manufacturer who knows that when he appropriates $100,000 for a factory he will be sure of getting his factory, the oilman is fighting 8 to 1 odds that he will not get oil production with the expenditures appropriated for use in searching for his capital asset—the oil in the ground.

In view of these facts, it is not hard to see that the search for and development of oil reserves must have differential tax treatment just to be put on a par with other industry. Petroleum production does indeed differ greatly from other industries.

Mr. Speaker, another question that is often heard goes something like this: Why should oil production have a 27½-percent depletion while other minerals have less? Without passing judgment on other rates I simply would like to quote again from the recent Treasury statement that I alluded to earlier:

In a report to the President entitled "Resources for Freedom" by the President's Materials Policy Commission in 1952, minerals tax policy was discussed. According to this report, percentage depletion performs two principal functions. These functions are (1) the stimulation of discovery and development of additional reserves of scarce, critical minerals for which exploration entails considerable uncertainty and capital risk, and (2) the recovery of investment in a wasting asset. The report concludes that where the mineral is scarce or the national need is great, there is justification in permitting a higher percentage depletion rate than would be necessary if recovery of capital were the sole objective.

From the foregoing discussion, it is apparent that the percentage depletion allowance was provided by Congress not only to permit recovery of the investment in the wasting asset but also to provide incentives for exploration necessary for replenishment of the wasting asset by the discovery and development of additional deposits.

The oil industry has a higher rate because of the greater risk involved in the oil search and because no other resource is so hard and costly to find and produce.

Mr. Speaker, I found after studying this subject a question repeatedly came into my mind. Why did Congress, back in 1926, enact into law the present rate of 27½ percent for oil and gas? To properly answer this question we must look at the legislative history surrounding the adoption of this method for computing depletion.

A depletion deduction in one form or another has been authorized mineral producers every year since 1913, the birth of the income tax law—some 46 years.

Earlier methods proved difficult and expensive to administer and often were discriminatory as between taxpayers in the petroleum industry.

To meet this, a select Senate committee studied the problem and found that experience showed that the discovery value per barrel of oil as established by appraisal of individual properties bore a reasonably consistent relationship to the price of oil as produced at the wellhead. Early in 1926, the committee reported its findings and concluded that the whole procedure could be simplified by establishing a percentage method for computing depletion for oil and gas wells. Under this method a fixed percentage of the gross income obtained from each barrel of oil as it came from the well would be the "used up" capital not to be taxed as income.

The tax-writing Senate Finance Committee then made its own study and also concluded that "in the interest of simplicity and certainty of administration your committee recommends that in the case of oil and gas wells the allowance for depletion shall be 25 percent of the gross income from the property during the taxable year" not to exceed 50 percent of the net income of the taxpayer from each property. Following further study and debate, the Senate approved a 30-percent depletion rate. Congress then agreed on a 27½-percent rate—for oil and gas wells—limited to 50 percent of the net income from the mineral property.

Prior to taking action the Senate had before it this statement regarding rates by Senator Reed, of Pennsylvania:

The Treasury Department selected at random 50 taxpayers engaged in the production of petroleum for the 3-year period 1918, 1919, and 1920, and again for the 3-year period 1921, 1922, and 1923. The result shows the percentage of depletion to gross income for 3 years, and I ask Senators to follow the figures carefully because some of them are pretty startling.

In 1918 the gross income was $15,900,000. I will omit the odd figures. The depletion allowed for net income was $5,195,000. In other words, 32 percent of the gross income of those taxpayers was excluded from the payment of income tax that year. In 1919 the gross income of the 50 taxpayers was $26,748,000, while the depletion allowances were $11,169,000, or 41.76 percent of their income. In 1920 their gross income was $57,984,000 and the depletion allowances $21,640,000, or 37 percent of the income. The average amount of the reduction from their gross income in that 3-year period was 37.75 percent.

Also, I am sure it would be of interest to Members of the House to note the conclusions of the Joint Congressional

Committee on Internal Revenue Taxation made in 1926 regarding depletion on oil and gas properties. The staff of this committee reviewed the income tax returns of oil and gas producing firms as well as integrated companies—those having production, refining, and marketing facilities. This study showed that discovery value depletion, as authorized prior to the Revenue Act of 1926, had represented a slightly higher percentage of gross income than 27½ percent. In its studies the committee found that analyses of the tax returns of 117 oil producing companies show "the percentage of depletion to gross income in 1924 was 28.4 percent." Further the joint committee concluded that percentage depletion:

1. Reduces valuation work in the Bureau (of Internal Revenue).
2. Distributes the depletion more uniformly among the industry without regard to price of oil on discovery.
3. Gives operators in low-priced fields a fair depletion.
4. Gives operators in the old fields a fair depletion.

You will note from the foregoing that initially the 27½-percent rate for oil and gas was, in general, established as a result of congressional studies which concluded that this rate would approximate on an experimental basis, the depletion deduction necessary to recognize the capital being depleted or used up each time a barrel of oil is extracted from the ground. Since adoption adequate experience has shown the wisdom in setting the rate at 27½ percent.

Mr. Speaker, as I read the record made by some of the opponents of the percentage depletion principle and rate, I find many other statements which need further discussion and clarification, which I will try to do today during my remarks.

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

Mr. JARMAN. I am happy to yield.

Mr. HIESTAND. Mr. Speaker, I rise to compliment the gentleman from Oklahoma on a very careful and effective study that he has made, and on the way he is presenting it. This year is the 100th anniversary of the oil industry. There are some very interesting things that could be said in a very few words.

I am tremendously impressed with the fact, and I think it should be reiterated, that 8,000 out of very 9,000 wells drilled are dry holes; that is, they are total losses. These costs have to be paid by the few producers; that is, the 1 producer out of 10; likewise, even in proven territory 3 out of 4 are dry holes. That means that in the fields where it is practically a guaranteed sure shot, one might say, 75 percent of them are not.

Mr. Speaker, this exploration is a vital defense industry. It is vital to the safety and security of this Nation. This exploration industry has been badly hurt by imports of oil without restraint. It has been very badly hurt, and it must not be killed. We should bear in mind that the tax paid by the oil industry, or rather allowed by this depletion is not lost. It is fully paid. It is simply deferred taxes.

I would like to ask the gentleman if he has any figures on the amount of taxes paid by this industry as compared to other industries.

Mr. JARMAN. I would say to the gentleman that a little later in my statement I refer to taxes paid by the petroleum industry and I point out that the income tax paid by companies classified as petroleum producers on their operation both here and abroad represent about 7.2 percent of their gross revenue, compared with about 5 percent for manufacturing corporations and 3.9 percent for all industries.

Mr. HIESTAND. I thank the gentleman. It is obvious that the oil industry is being tremendously taxed, is a heavy contributor to the tax revenue of the country. It is a vital industry and it must not be allowed to be killed as it would be if this depletion allowance were either cut or eliminated.

Mr. JARMAN. I thank the gentleman for his contribution.

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

Mr. JARMAN. Mr. Speaker, knowing that the gentleman is in opposition to this part of my statement, I should prefer, if the gentleman would wait, to cover this tax question a little more fully.

Mr. PORTER. I wanted to cover a particular point.

Mr. JARMAN. In that case, I should be happy to yield.

Mr. PORTER. The statement the gentleman made in his remarks which was repeated, that eight out of nine of the holes drilled were dry is, of course, correct. But those were the exploratory wells and in that same year you had to take into account the development wells, if you want a full picture. Of course, wildcatters are a prime factor in the discovery of new wells, but the development wells now play a major role in adding to our oil supply so I think to have a clear picture, you cannot say eight out of nine wells are dry. My figures differ somewhat from the figures just given by the gentleman. The figures for the year 1957, the same year that you just mentioned and which you used for your 8 out of 9 figure, there were 41,038 development wells and 30,500 producers. In other words a total of 52,777 wells drilled in 1957, 32,076 or 3 out of 5 were successful wells or 1½ producers to each dry hole. I think those figures give a little different picture than has been presented here.

Mr. JARMAN. In that connection, may I say to the gentleman that the year to which I referred at the beginning of my statement was 1958. Let me clarify two things. The gentleman will find in my statement that eight out of every nine exploratory wells were dry. In making that statement, I had in mind last year, 1958. I gave the figure of 9,588 exploratory wells drilled and 8,237 found no oil.

I distinguished between exploratory wells and wells drilled in proven territory, and I gave the figures that even in proven territory one out of four wells is dry. I will not contest the figures that the gentleman has given for 1957, but I will stand by the figures that I gave for 1958 and I will be interested, as I say, in hearing the gentleman's statement tomorrow and the documentary proof that he presents.

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

Mr. JARMAN. I yield.

Mr. VANIK. With respect to the colloquy that took place a moment ago, with the gentleman from California on the matter of the tax contribution of the oil industry, I would like to point out that earlier this year I commenced a study of my own on the income tax payments by the oil industry compared with all of the other large industries of the country. I hope I can assemble these so I can submit them during the course of the special order which my colleague from Oregon has tomorrow afternoon. I have some of these figures right here. Substantially, they indicate that as compared with all other corporations, which pay 52 percent of their net earnings or income as taxes, the oil industry by and large pays about 10 percent. I have excerpts of the financial reports that were made of the 6 months for the year ending during the last fiscal year. For example, I have the Texas Co. which shows a total income of $2,475 million paying income tax of $41,300,000. Richfield Oil with an income tax of $4,100,000 after a net income of $20 million. Argo Oil—and I have just taken a number of oil companies as they come to my attention—had a net income before taxes of $5,402,000, income tax $481,000. Atlantic Refining with a net income of $11,902,000 paid a Federal income tax of $167,000. It is awfully difficult for me to reconcile these large profits that escape taxation with all of the discussions that have been made today about the tremendous contribution of the oil industry to the tax burdens of this country.

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

Mr. JARMAN. I am happy to yield to my colleague.

Mr. HIESTAND. I appreciate the figures given by the gentleman from Ohio.

Mr. VANIK. They come from the Wall Street Journal which I am holding in my hand.

Mr. HIESTAND. Yes, and I am quite sure he has misquoted some of them, unintentionally. Here is the point. He quoted the Texas Co. income at $1 billion. The Texas Co. did not make profits of $1 billion, certainly not. That would be sales not profits.

Mr. VANIK. I am reading here from the Wall Street Journal of March 18, 1952.

Mr. HIESTAND. Those are sales rather than profits.

Mr. VANIK. That is the total income.

Mr. HIESTAND. That is the sales. No company in the United States made a billion dollars profit.

Mr. VANIK. That is right. It is the total income. I will read the net income figure. The net income figure quoted in this publication is $310 million. I am sorry, I stand corrected. It was $310 million on which they paid an income tax totaling $41,300,000.

Mr. HIESTAND. I know the gentleman from Oklahoma appreciates this

contribution, but it must be borne in mind that all corporations of the United States do not pay 52 percent. It may be 52 percent of their net earnings for all corporations, but that is the maximum figure, of course.

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

Mr. JARMAN. I yield.

Mr. VANIK. In my contribution, if I am allowed to participate tomorrow during the time of my colleague from Oregon, I have tried, for example, to collect all the corporate reports I have been able to get my eyes on taken from annual reports; and, by and large, they indicate that corporations throughout the country are probably paying 52 percent, but the oil industry as a special class is paying 10 percent more or less, mostly less, by way of its contribution to the tax burden of the country.

Mr. HIESTAND. I would certainly challenge that.

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

Mr. JARMAN. I yield.

Mr. BAILEY. I am very much interested in this discussion in that the depreciation tax allowance was sponsored by our late Senators Mansfield and Neely in 1927, West Virginia having been the eastern stronghold of the oil and gas industry before they moved to Oklahoma and Texas, and still is interested in the oil and gas business.

I would just like to supplement what the gentleman from Oklahoma has said by telling you that a number of years ago several West Virginia concerns interested went together and drilled a well, which is in my district, fourteen thousand seven hundred-and-some feet, supposed to be the deepest well in the world. They found some indications of gas at several levels along the line but it was finally sealed off. I do not know what action will be taken by them; but that is one illustration of the kind of money that is used in exploratory work and the kind of work the depreciation allowance makes possible.

Mr. JARMAN. I thank the gentleman for his contribution.

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

Mr. JARMAN. I yield.

Mr. VANIK. I want to say I have studied a good part of the gentleman's statement with profound concern. I want to commend the gentleman notwithstanding my divergence with his basic concept in this issue, I want to commend the gentleman for having prepared what I think is one of the most scholarly presentations of a case on the other side, and I certainly hope that between now and tomorrow I can join with my colleague in reviewing this very, very well-prepared statement to see if our contentions are correct. I do not think he is going to change my own personal mind on this because I have studied this industry intently, but I still think he has presented the most orderly, the most precise, the most thorough exposition of the problem I have yet heard.

Mr. JARMAN. I thank the gentleman, whom I recognize as a very worthy opponent on this issue. Also I recognize the great amount of work the gentleman from Ohio has done on this tremendously important subject. I have done my best in this presentation today, with a certain amount of documentation, to present the arguments as I analyze them to be. I recognize that there are arguments on the other side and I will listen tomorrow with interest to my colleagues in a further discussion of this subject.

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

Mr. JARMAN. I yield.

Mr. ROOSEVELT. Would the gentleman be willing to tell me what he thinks about the proposition that there exist in the United States today shale oil deposits which are not in dispute as to their value or their quality, or the amounts of money which have been put into research both from public resources as well as private. The situation is such today that these shale oil deposits can be worked on a commercial basis and produce a product which would be equal in quality and equal in price to the present oil which is being produced by this rather expensive method, as I think the gentleman's figures disclose.

Would it not be healthier for the economy to turn to that kind of production rather than the wasteful one which is now going on everywhere and thus eliminate the necessity of the amount of indirect subsidy represented by this 27½ percent depletion allowance?

Mr. JARMAN. I would say to my colleague that certainly the need for oil is such that every possible avenue should be explored to insure our country the supply that is needed in peacetime and that certainly would be needed in wartime. Certainly I feel that the potentialities inherent in oil shale deposits should receive every development opportunity, exploring its commercial possibilities for the needs of a growing economy.

Mr. ROOSEVELT. But has it not already been so well developed, and is it not also so well established that we should not have any further development of the underground oil supply until such time as we may in the future exhaust the shale oil deposits?

Mr. JARMAN. I can only say to my colleague that in this highly competitive economy, if development has reached a stage where the end result can be put on a more favorable economic basis than our present method of extracting oil, I have no doubt that it would come to the forefront in the American economy.

Mr. ROOSEVELT. If at the same time it could be shown that the shale oil deposits were controlled by the same people who had control of the underground deposits, then obviously it becomes more to their benefit to exercise a 27½-percent depletion allowance and that these deposits are perhaps being withheld from public use when they should be forced to be made available for public use.

Mr. JARMAN. I have no personal knowledge that substantiates the statement the gentleman from California has just made.

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

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

Mr. HIESTAND. I appreciate the gentleman's yielding again at this point. I am sure the gentleman from California would like to correct one word he used. He referred to the 27½-percent depletion as a subsidy. May I suggest to him it is simply deferment. It is not a subsidy. The tax has to be paid. It is a question of how rapidly you are going to deplete your tax allowance and, therefore, defer the payment. But it will be made.

Mr. RIVERS of Alaska. Mr. Speaker, will the gentleman yield?

Mr. JARMAN. I yield to the gentleman from Alaska.

Mr. RIVERS of Alaska. At this point I wish to associate myself with the remarks of the gentleman from Oklahoma. Regarding the cost of search for new oil reserves, I point to the widespread exploration by the major oil companies and many independent operators in Alaska. Alaska promises to be the next great oil reserve needed by our Nation because of the unstinting expenditure by the oil people in all phases of exploration, including drilling. Because of the great distances, the rugged terrain, and cold winters, it costs from three to ten times as much to drill a well in Alaska as in the other Western States. As far as my State is concerned, it is absolutely necessary that the 27½-percent depletion allowance be retained.

Mr. JARMAN. I thank the gentleman.

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

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

Mr. JENSEN. I have listened to the gentleman with great interest. I might say to the gentleman there is one way in which our oil supply could be conserved, at least to some degree. Possibly the gentleman knows that I have in the past three sessions of Congress introduced a bill which would provide that all motor fuels shall contain 5-percent alcohol made from our surplus grain. There is a good reason for that. It would not only conserve our oil supply but it would take the production of over 43 million acres of our land. Since the advent of the iron horse, the iron horse has not eaten grain. But we could very well process these surplus grains that are having such an effect on the price of farm products and cost so much to store, to the end that our surpluses in farm products could be greatly reduced by this 5-percent mix of alcohol. A 5-percent mix of alcohol made from surplus grain in our motor fuels would consume over 700 million bushels of grain each year. It would be a great saving to the people of America and would finally stabilize farm prices on a fair level. The gentleman talks about this 27½ percent depletion allowance. I think many times, along with a lot of people, that maybe that depletion allowance should be decreased maybe to 15 percent. I would not want to stop wildcatting, but, certainly, I think it is a big bonus to give to the oil producers.

I might say that it is the big oil producers who fight my bill the hardest.

They bury their heads in the sand to their own disadvantage, because in bad times and in good times the oil producer is in the same economic boat with the farmers of America, because they are really the big buyers of petroleum products. So, I could not help but compliment the gentleman on his remarks and say that I think they are well taken.

Mr. JARMAN. I thank the gentleman for his contribution to this discussion.

Mr. MORRIS of Oklahoma. Mr. Speaker, will the gentleman yield?

Mr. JARMAN. I yield to the gentleman from Oklahoma.

Mr. MORRIS of Oklahoma. Mr. Speaker, I first wish to compliment my distinguished colleague, the gentleman from Oklahoma [Mr. JARMAN], who is now addressing the House, on the splendid statement he is making. I want to say this, that to my way of thinking even if you should call this 27½-percent depletion allowance a subsidy—and frankly, I think that it may be called that without missing the mark too much—even if you do call it that, it is my considered opinion—and I have thought about this subject matter for many years—that subsidies are not inherently evil. Subsidies have helped to strengthen this great Nation of ours like almost nothing else has.

I call your attention to the fact that just a few moments ago we passed H.R. 5421. That was a subsidy to the fishing industry, especially as it affects New England. And, they used the word "subsidy" in that bill. I voted "yes" on that. That will not directly help Oklahoma nor any of the Midwest, as far as I know, but it will help a fine segment of our society. I voted for it, not reluctantly, but I voted for it rather enthusiastically, because they made a good case there, I thought.

Now, I do not want to spend too much of the gentleman's time, but just a few moments. As I suggested, it is not a question of a subsidy being inherently evil, but it can be abused; there is no question about that. So, it seems to me that we should study each of these matters as they come along and determine whether or not the subsidy is a reasonable one.

I called the attention of the House just a few moments ago, in the few remarks I made on H.R. 5421, that we have had subsidies in this country since George Washington's time. The tariff is the biggest subsidy that I know of that we have ever had. And, I do not want to keep repeating, but I would like to use these figures again. From 1932 to 1952 the tariff in this country cost us, the taxpayers, the consuming public, $40.8 billion. The subsidy to support farm prices cost us $1.2 billion. Now, these are figures that I sincerely believe to be reliable. I have checked them and rechecked them, and I certainly feel they are reliable figures.

Mr. Speaker, the tariff has been with us since George Washington's time. And, I am not against it; I am for it; I am strongly in favor of it. I am not an expert, and I do not know whether we pay too much by reason of tariffs or not—I am not arguing that point—but as long as it is reasonable, I am certainly for a tariff to protect our manufacturing industry in this country. Now, then, why should we not protect the oil industry? Why should we not? It is true, my good friends, that fortunes are made in oil, but I call your attention to the very salient fact that many, many fortunes are lost in oil, and many people going out and trying to discover new fields lose their shirts, to use a common expression; lose every dime that they have. So, it is not all gravy, and it is not all fortune. Some of it very, I am sorry to say, much misfortune, by reason of the ventures that are made in oil.

With this I conclude, because I do not want to use any more of the gentleman's time, this 27½-percent depletion allowance does not go just to the big oil companies. It is true that they get some of it. But, you know, I have never been against anyone just because he was big. I do want to see justice and equity to all of our people, and I am sure that all the Members of Congress want to see that. I am not against a person or a firm or anybody else just because he or it is big. It is true that some of the benefit, or a great deal of the benefit, goes to the big, major oil companies. There is no question about that. But also the benefit goes to the small independent producers and either directly or indirectly goes to the farmer, the one who holds the mineral rights. Many a farmer has kept the wolf away from his door by reason of the 27½ percent depletion allowance. It helps the roughnecks, it helps the drillers, it helps the tool pushers, it helps all of the oil industry. I do believe that it is fair, just and reasonable and that it should be continued.

And in final conclusion I want to say that I think my distinguished colleague is making a splendid contribution at this time, and I appreciate very much the fact that he has yielded to me.

Mr. JARMAN. I thank my distinguished colleague for his contribution. I think the only thing I would say at this time, Mr. Speaker, with reference to his earlier statement as to the possibility of this being classified as a subsidy is that my understanding of a subsidy is a foregiveness of taxes, whereas actually under the operation of this depletion allowance it is simply a deferment of taxes that certainly will come in the future when the product comes out of the ground.

Mr. MORRIS of Oklahoma. Mr. Speaker, will the gentleman yield further?

Mr. JARMAN. I yield.

Mr. MORRIS of Oklahoma. The gentleman will recall that I did not admit that it was a subsidy; I did not say it was.

Mr. JARMAN. I understand.

Mr. MORRIS of Oklahoma. I merely said that some people call it a subsidy and that there might be some justification for calling it that. Even a deferment could be classified by some people and maybe honestly so as a subsidy, but I did not make any admission that it was an out-and-out subsidy.

Mr. JARMAN. I am clear as to the gentleman's statement and I appreciate it.

Mr. Speaker, I would like to discuss an aspect of this important tax provision which its opponents have studiously avoided. This, of course, being the important role percentage depletion has played in helping to find the oil this Nation needs to meet its defense needs both in peace and war. I need not recount here today the numerous occasions that the petroleum industry has furnished the vital fuels that are absolutely essential to successfully prosecute wars and standoff and deter war threats, nor how this country has been able to divert its petroleum into the hands of friendly nations in times of crisis, such as the Suez situation in 1956 and 1957. That oil is one of the most important munitions of war cannot be denied. No less an authority than President Eisenhower stated in April 1954:

> The Russians produced last year something less, probably, than half a billion barrels of oil. We produced 2¼ by ourselves. Now * * * these things are deterrants upon the men in the Kremlin. They are factors that make war, let us say, less likely.

In December of that same year, the famed Admiral Chester W. Nimitz, declared:

> Oil is the "life's blood" of our Navy, Air Force, and mechanized Army. Without it we are sitting ducks for aggression.

In July 1957, in a report to the President, the Special Cabinet Committee stated:

> Oil and gas account for two-thirds of the energy consumed in this country * * * there is no adequate substitute in sight for the foreseeable future. Therefore, we must have available adequate supplies of oil.

These are but a few of the many declarations by the highest civilian authorities in the Nation as to the absolute essentiality of petroleum to our national security.

Yet we are asked to vote a change in a tax provision which has proven its ability to help in this enormous task in finding and developing plentiful supplies of petroleum within our industry. We are asked to junk a tax structure that has performed so well that its critics declare it is bad because it has attracted too much capital into this essential industry.

Mr. Speaker, if we are to have any industry overcapitalized, I certainly prefer it to be an industry that is without parallel in its contribution to our modern day society both in peace and war. There are only two major nations in the entire world that have available, within their own borders, adequate petroleum supplies—Russia and the United States. I am unable to say how Russia has accomplished this feat, but I can say without fear of contradiction, that the United States is today "oil wise" strong, due in large measure to the wise congressional policy laid down some 32 years ago in the form of percentage depletion.

Mr. Speaker, each of us recall the apprehension and fear which spread like wildfire over the entire free world during the Suez crisis, because our European neighbors had been cut off from Middle East oil. We well remember that this life blood of an industrial economy

was so important to them that England and France risked a major war by landing troops in the Middle East in their attempt to keep the Suez Canal open. In appraising any policy adopted by Congress, it is well to see how it stood up in such emergencies. In this regard I think an editorial which appeared in the Washington Daily News, on December 1, 1956, during the heat of the Suez crisis, clearly points out the importance of this wise congressional policy and states the case for percentage depletion in very few words. With your permission I would like to quote in part from this very fine editorial:

The Government has put into motion long-considered plans to ship more oil to Europe to help make up the deficit caused by the closing of the Suez Canal.

U.S. production of crude, now about 7,100,000 barrels a day, may be upped by 800,000 to 850,000 barrels a day to meet the new Western European needs.

This will be possible because of the enlightened self-interest of the oil producing States and the oil industry.

* * * * *

Over the years, Federal tax laws have contributed to the present-day abundance of American oil. The percentage depletion allowance given the oil industry has been condemned by the unknowing as a dangerous and unfair loophole. But the fact is that without some tax advantage allowance, the industry would not have been able to carry on the wildcatting that provided us with the crude oil reserves from which we are about to draw 800,000 more barrels of oil each day.

The combination of a free oil industry, working with skill and imagination, of good conservation laws and farseeing tax statutes, has paid off for America.

Now it's paying off for our Western European friends, as well.

I do not for one moment wish to leave the impression that the only reason for percentage depletion is that based on national security. However, in these days of cold and lukewarm wars and war threats, no one must take actions which would even remotely harm our national security.

Mr. Speaker, another charge which is made today against the 27½-percent rate is that since the corporate income tax rate is today four times what it was in 1926; when percentage was first adopted, the value of percentage depletion is four times greater today than in 1926. Of course, Mr. Speaker, the mathematics just do not work out that way. To illustrate my point, let us assume that in 1926 an oil company had profits before percentage depletion, of $100 and the tax rate was 13 percent at that time as compared with 52 percent at present, computations for the 2 years might then run as follows:

	1926	1959
Tax base before depletion allowance	$100.00	$100.00
Depletion allowance	27.50	27.50
Taxable income	72.50	72.50
Tax rate (percent)	13	52
Tax	$9.40	$37.70
Profits after tax	90.60	62.30

Thus, the oil producer in 1926 would have a profit incentive after tax equal to $90.60 but his profit after tax in 1959 on the same amount of earnings, would only be $62.30. Then, of course, we must consider a dollar in 1926 would buy considerably more than a dollar does today.

Now, Mr. Speaker, I would like to turn to another charge that is often made against the oil industry—that it does not pay its fair share of taxes.

First, let me say that petroleum companies pay on their taxable income the same 52 percent tax rate as do all corporations. Under the law percentage depletion deductions cannot exceed 50 percent of the net taxable income of the corporation. But unless it does eliminate 27½ percent of the gross income of an oil producer it is not doing the full job expected of it by Congress.

Now as to the taxes paid by the petroleum industry, we can clear this up by referring to the statistics of income published by the Treasury Department which show the income tax paid by companies classified as petroleum producers on their operations both here and abroad represent about 7.2 percent of their gross revenue compared with about 5 percent for manufacturing corporations, and 3.9 percent for all industries.

Mr. Speaker, one of the most outstanding authorities on petroleum economics and related matters, Dr. Richard Gonzalez recently delivered an address in which he referred to the matter of taxes paid by the petroleum industry and the tax consequences flowing from each barrel of oil produced. With your permission I would like to quote from Dr. Gonzalez's address:

There are other answers to this charge concerning taxes paid by the oil industry. Another one is that it is incorrect to look simply at Federal income taxes without taking into account the total tax burden. It is the total amount of taxes paid, not income taxes alone, that affects the consumers of the products of any given industry. * * * Total taxes take 65 percent of the income and taxes in manufacturing and take a surprisingly similar figure of 67 percent in petroleum. By this standard, the oil industry already pays its fair share of taxes.

There is one other facet to the charge that the industry doesn't pay its fair share of taxes. The critics often refer to a few individuals, anonymously labeled, who are said to have large net income, but who pay little or no income taxes. The trick here is that the figures are carefully selected and taken for a short period of time. The real tax consequences of an investment must be measured over its life rather than for a short period of time. If it is true that a particular operator does not pay much income taxes in a selected period of time, even though he may be a wealthy man, there must be factors other than percentage depletion responsible for the result.

After all, percentage depletion cannot exceed 50 percent of net income on producing properties. The cases cited no doubt result from an active drilling program by the individual and the fact that Congress has provided that intangible drilling costs on new wells may be deducted as a current business expense. If an individual does a great deal of drilling relative to his other current income, he may end up with little taxable income in that year. That does not tell the full story, however, of the ultimate tax consequences. The drilling of new producing wells sets in motion a flow of tax revenues in future years. This is inevitable. It is either going to be in the form of income taxes or capital gains taxes or estate taxes, in addition to ad valorem and severance taxes. Not only that, but there will be a large flow of revenue from other excise taxes.

* * * A fairly representative well, according to our studies of the industry, would be one that develops 125,000 barrels of crude oil at a cost of about $110,000 for exploration and drilling. Such a typical well will generate a gross income of $395,000 from crude oil, natural gas, and natural gas liquids. Of this amount, $110,000 serves to pay off the initial investment. Operating expenses and royalty payments absorb another substantial slice of the gross revenue. The operator's profit, realized over a long period of years after the initial outlay for exploration and development, depends on what is left after all these expenses and after taxes. Direct taxes amount to $79,000 or 63 cents per barrel of production. This consists of 21 cents to the State and local governments for ad valorem and severance taxes and 42 cents to the Federal Government for income taxes. This is a fairly substantial generation of tax revenue in itself.

In addition, the excise taxes from the products that are made from this barrel of crude oil will be at least $180,000, or $1.44 per barrel of crude oil produced. This revenue results from the fact that the average tax on gasoline is about 9 cents a gallon and that the amount of gasoline taxed out of a barrel of crude oil is roughly 16 gallons. That is not all of the gasoline made from a barrel, but some of the gasoline bought by Government or by farmers is not subject to the tax. The final result is a generation of tax revenue of $2.07 per barrel of crude oil production. This is an extremely significant figure that should be used constantly to point out the fact that petroleum production does generate a large flow of tax revenue and does pay its fair share of taxes.

In conclusion, Mr. Speaker, there is a very important factor so often overlooked in any consideration of this problem. This of course is the effect a cut in depletion would have on the consumer. I am sure you all are generally acquainted with recent studies that conclude that elimination of oil and gas depletion would, due to the lack of available funds for necessary exploration and development work, cause an increase in the price of gasoline of around 5 cents per gallon. In other words, any "tax increase" on the industry must of necessity be passed along to the person who in reality pays all taxes, the consumer.

Levels of energy consumption directly affects the level of income and living standards in the United States and throughout the world. Oil and gas supply more than two-thirds of America's total energy needs at reasonable prices. For example, the service station price of regular grade gasoline, excluding taxes, was only 2 percent higher in 1958 than in 1926—the year percentage depletion was first adopted—gasoline taxes up 270 percent—in contrast to an increase of 63 percent in the Consumer Price Index for all commodities.

The availability of large volumes of low priced energy supplies in America has helped immeasurably in furthering our economic progress and in maintaining our standard of living as the highest in the world.

Any benefits of the differential tax treatment for the oil and gas industry

have indeed been passed along to the American citizen.

Mr. Speaker, winding up briefly, I would like to state that the present 27½-percent depletion rate for oil and gas should be retained in the law because:

First. It has accomplished the job laid down 33 years ago by Congress in that it has served to make available to the American public adequate supplies of petroleum both in peace and war, at reasonable prices;

Second. It has become an integral part of the economic fabric of the entire petroleum-producing industry;

Third. It does no more today than recognize the "discovery value" of oil, as originally intended by the Congress. In fact, the evidence is persuasive that 27½ percent of the present price of crude oil is inadequate to cover the average cost of discovering new oil reserves;

Fourth. Statistics on earnings based on stockholders' equity show that even with percentage depletion the rate of return for the domestic petroleum industry for the years 1956, 1957, and 1958, amounted to an average rate of 9.97 percent in comparison with an average of all manufacturing companies of 11.92 percent during the same period.

Net value of production versus expenditures for finding, developing, and producing oil and gas

[In thousands of dollars]

	1951	1953	1955
Industry income:			
Net value oil produced	4,862,136	5,401,018	5,884,215
Net value gas produced	465,451	660,501	836,324
Total net value production	5,327,587	6,061,519	6,720,539
Industry expenditures—Exploration costs:			
Geological, geophysical, and related professional services	186,000	243,590	245,440
Lease purchases and rentals	637,910	744,630	876,520
Dry holes	650,290	795,890	940,210
Overhead	126,780	171,270	206,220
Total exploration costs	1,600,980	1,955,380	2,268,390
Development costs:			
Drilling and completion of producing wells	1,390,050	1,689,507	2,097,225
Equipment (tubing, tanks, flow value, etc.)	420,360	483,000	556,210
Overhead	135,780	168,378	205,640
Total development costs	1,946,190	2,340,985	2,859,075
Subtotal, exploration and development costs	3,547,170	4,296,365	5,127,465
Operating costs:			
Oil:			
Direct costs	1,274,149	1,392,576	1,540,092
Overhead	242,146	306,326	337,758
Total oil operating costs	1,516,295	1,698,902	1,877,850
Gas:			
Direct costs	89,220	134,675	134,097
Overhead	7,758	10,920	9,387
Total gas operating costs	96,978	145,595	143,484
Total operating costs	1,613,273	1,844,497	2,021,334
Total expenditures for finding, developing, and producing [1]	5,160,443	6,140,862	7,148,799
Net annual balance	+167,144	−79,343	−428,260

[1] Includes maintenance, supervision, and general overhead but excludes charges for research. The costs do not include income taxes, payment on interest and principal or return to investors.

Source: "Petroleum and Natural Gas in the United States—Relation of Economics and Technologic Trends," by C. C. Anderson, Chief Petroleum Engineer, U.S. Bureau of Mines, Washington, D.C.

GENERAL LEAVE TO EXTEND

Mr. JARMAN. Mr. Speaker, I ask unanimous consent that other Members who desire to do so may also extend their remarks on this subject.

The SPEAKER pro tempore (Mr. IKARD). Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

THE DIXON-YATES DECISION SHOULD BE APPEALED

The SPEAKER pro tempore. Under previous order of the House, the gentleman from California [Mr. HOLIFIELD] is recognized for 45 minutes.

Mr. HOLIFIELD. Mr. Speaker, the recent decision by the Court of Claims on the so-called Dixon-Yates case should be appealed to the Supreme Court of the United States. The Comptroller General has so advised the Attorney General, and I hope this advice is taken.

The Dixon-Yates case is not a dead horse, as some editorial writers and others would have us believe. The Dixon-Yates affair will live in the annals of Government so long as freemen are concerned about integrity in public office.

This historic blunder of a blundering new administration which conceived the Dixon-Yates plan in secret, which withheld important facts when details of the plan were forced into the open, and which then had to renege on its own business and utility friends when they tried to retrieve costs for going ahead with the mutually agreed-upon plan. This blunder is one that will not be quickly forgotten in the 20th century. But I am less concerned with the Dixon-Yates chronicle, which our children will read about in their civic books, than with the significance of the Court of Claims decision.

I am no lawyer, and it is not my purpose to go over the whole ground of the lengthy and tortuous court recital in the case of Mississippi Valley Generating Co., on its own behalf and to the use of others against the United States—which we call the Dixon-Yates case—decided in the U.S. Court of Claims—No. 479–55—on July 15, 1959. My concern is as a layman and a legislator with the bearing of this decision on the public interest and the environment in which the business of the public is conducted.

The Court of Claims decided that Dixon-Yates was entitled to collect $1,867,545.56—by all means let us not forget the 56 cents—from the U.S. Government for digging dirt and ordering materials in performance of a power contract with the Atomic Energy Commission. I can sympathize with Messrs. Dixon and Yates' side of the case even if I do not agree with the court majority. After all, they spent money as businessmen performing on a contract which they signed with the Government, a contract which had been ordered by the President, drafted by the Atomic Energy Commission, blessed by the Attorney General, supported by the Republican majority in the Congress, and widely acclaimed by the utility magnates as the dawn of a new era in Government power policy.

The fly in the ointment was a gentleman by the name of Adolph Wenzell. He did not mean to cause any trouble; he just wanted to be helpful to the new administration which had "electrified" the utility industry—if you will pardon the phrase—by announcing, via the President's very first budget message, that private enterprise or local communities rather than the Federal Government must be depended on to provide new power-generating facilities. To show it meant business the new administration ordered funds for the Fulton steamplant of the Tennessee Valley Authority struck from the budget which President Truman had prepared.

Here is how—in the court's own words—Mr. Wenzell first came into the picture:

> The administration's policy with regard to public power was observed with approval by Mr. George D. Woods, chairman of the board of directors of First Boston Corp., one of the leading investment banking concerns in the United States. First Boston had its offices in New York. Mr. Woods wanted to help to make the policy succeed. He obtained an appointment with Mr. Dodge, the Director of the Budget, and offered the services of First Boston. Mr. Dodge, a Detroit banker, new in the Government, wanted to have a study made to determine the controverted question of the extent to which the Government was really subsidizing the TVA. He needed a man experienced in public utility financing and expert in accounting and problems of the cost of money, and had not found such a man. Mr. Woods said that First Boston had such a man, Mr. Adolphe Wenzell, and he would see if Wenzell would undertake the work.

Now we are not surprised to learn, as the court went on to say, "Wenzell was willing and, with the approval of his

other superiors, he did accept the assignment." Mr. Wenzell became a part-time consultant to the Budget Bureau, spent the equivalent of a month there during 1953, became well acquainted with the budget staff, and presented, as the result of his labors, a paper criticizing the Tennessee Valley Authority.

One of Mr. Wenzell's new-found friends in the Budget Bureau was Rowland R. Hughes, who came from the Nation City Bank to serve as Assistant Director of the Budget. Later he succeeded Mr. Dodge as Director. Mr. Hughes brought Mr. Wenzell back into the picture in January 1954 when Mr. Dodge conceived the ingenious scheme that budget outlays for the Fulton steam plant could be avoided if the Atomic Energy Commission would contract with private utilities for the construction of a 450,000-kilowatt generating plant to serve its power needs at Puducah, Ky., thereby releasing the equivalent amount of Tennessee Valley Authority power for other uses in lieu of building a new Fulton, Tenn., plant. This was the scheme which culminated in the Dixon-Yates contract.

The court said Mr. Wenzell was wanted by Mr. Hughes because he had already studied the Tennessee Valley Authority and was an expert on bond financing as vice president of the First Boston Corp. So back came Mr. Wenzell to Washington, to act again as a consultant to the Budget Bureau, acting officially in its name, participating in numerous meetings, conferring privately or in groups with sponsors of the Dixon-Yates project, analyzing costs and financing proposals, traveling to and from Washington and New York, and drawing his expenses sometimes from the Budget Bureau and sometimes from his company; while all the time he retained his corporate position and salary and bonus privileges based upon the amount of business he would bring to the firm.

Of course, the possibility that Mr. Wenzell's company, as one of the largest and most experienced concerns in utility finance, would be retained by Dixon-Yates to arrange for the bond financing of the power project, did not escape anyone, least of all Dixon-Yates. Almost a year before the Dixon-Yates contract finally was signed, counsel for the utility syndicate called attention to the possibility that Mr. Wenzell's role would be criticized. Mr. Dixon took this matter up with Mr. Wenzell, who spoke to Mr. Hughes. According to the court "Hughes said that Wenzell was exaggerating the importance of the matter, but advised him to discuss it with his principals in First Boston and with First Boston's lawyers, and then talk to Dodge about it." Wenzell conferred with his principals, as instructed, and received advice from one of the company's attorneys, in the firm of Sullivan and Cromwell, to resign his Bureau job forthwith and in writing; also to advise his principals that if the power contract should be made and they were asked to handle the financing, that they consider refusing the offer, or at least refuse to accept a fee. Mr. Wenzell was also advised to keep Messrs. Dodge and Hughes of the Budget Bureau informed of any developments. This advice was confirmed by Mr. Arthur Dean, a senior attorney of Sullivan and Cromwell, who viewed the matter as a problem of policy for the company rather than as a conflict of interest.

Mr. Wenzell did not exactly follow his attorney's advice, since he continued in his Budget Bureau job for a short while—the termination date is uncertain—and never submitted any written resignation.

As it turned out, Dixon-Yates placed 40 percent of the financing with First Boston and 40 percent with Lehman Bros., which surprised Mr. Wenzell, who had confidently expected his company to get the whole package. Both investment houses decided not to accept fees.

All these interested developments were unknown to the public at the time. The first congressional investigation into the Dixon-Yates deal was undertaken by the Joint Committee on Atomic Energy upon a specific request I made to then Chairman Cole on June 4, 1954. Many facets of this deal were brought to light, but dark corners remained. We were not told about Mr. Wenzell's activities. When President Eisenhower, in response to mounting criticism of the secrecy in the Dixon-Yates deal, ordered the Budget Bureau and the Atomic Energy Commission to make public a chronology of the negotiations and the participants, which was done in late August 1954, the name of Adolph Wenzell was conveniently omitted.

One of the strange facets of this affair was Mr. Lewis Strauss' consistent and repeated disclaimer that he knew of Mr. Wenzell's connection with the Budget Bureau. As Chairman of the Atomic Energy Commission, which made the contract with Dixon-Yates, Mr. Strauss was responsible for directing the contract negotiations. He met Mr. Wenzell for the first time on January 18, 1954, at the instigation of Mr. Hughes, to discuss the details of a forthcoming meeting at the Atomic Energy Commission with Dixon and another utility executive. It so happened that every time Mr. Wenzell signed the visitor's book at the Atomic Energy Commission he listed his First Boston address. None of these visits was recorded in the chronology of the Dixon-Yates deal I mentioned a moment ago. Findings of fact made by the court described the first Strauss-Wenzell meeting in part as follows:

> Wenzell told Strauss that he was there at the request of Hughes and was trying to get some background of the program and plan. Strauss had never met Wenzell before, and there is a conflict in the testimony of Wenzell and Strauss as to whether Wenzell stated he was connected with the Bureau of the Budget. The greater weight of the evidence shows that Hughes told Strauss that Wenzell was a banker connected with the First Boston Corporation as an officer or a partner, and that Strauss was to acquaint Wenzell with the background and purpose of the meeting to be held on January 20, 1954.

At a public hearing of the Atomic Energy Committee in November 1954, I asked Mr. Strauss whether he knew "if Mr. Dodge was advised by a consultant who is now employed by any of the Dixon-Yates utility companies." His answer was: "I have no knowledge of any consultants that Mr. Dodge may have had, or whether he had any." That is Mr. Strauss' story to this day, even though Mr. Wenzell testified under oath that he told Mr. Strauss otherwise. It will always remain a mystery why Mr. Strauss, of all the persons who participated in the Dixon-Yates negotiations, was the only one who remained ignorant of Mr. Wenzell's Budget Bureau connections when apparently it was common knowledge among the rest. As the court said in representing that Mr. Wenzell had nothing to hide:

> Wenzell discussed the subject freely with the representatives of the private sponsors. At the stage of proceedings during which he was employed by the Bureau of the Budget, there were no secrets. Every intelligent person knew that the administration wanted to make a contract, and was anxious that private enterprise come forward with a proposal that would be acceptable. Hughes directed Wenzell to sit in the meetings of the sponsors and report to Hughes what he heard. He participated in the conferences of the agency staffs. He, no doubt, was able to give to Hughes a better overall view of events than any other person, and did, we should suppose, expedite the formulation of the proposal which formed the basis for the later negotiation of details and exact figures.

Shortly after this testimony from Mr. Strauss, the Atomic Energy Commission signed the Dixon-Yates contract. The utility combine went to work on its powerplant. The city of Memphis, Tenn., refusing to have any power dealings with Dixon-Yates, announced it would construct its own generating plant. This meant that neither the Tennessee Valley Authority nor Dixon-Yates would have an immediate market for power from a new plant. Thus by a long and winding road, the administration arrived at one of its alternate objectives: If private industry were not to build a plant, the local community would have to do it, and in any case the Federal budget would not have to meet the bill.

By this time, Mr. Wenzell's role had become known to the public. Senator HILL, in a speech delivered to the Senate on February 18, 1955, mentioned some of Mr. Wenzell's activities, and Senate investigations under the direction of Senator KEFAUVER laid bare the whole story, or as much of it as could be obtained from reluctant witnesses in the executive branch.

The Atomic Energy Commission then did an about-face and advised Dixon-Yates in August 1955 that the Government was terminating the contract. In November of the same year, the Atomic Energy Commission notified Dixon-Yates that there never had been a valid contract and that the Government was not liable for any costs incurred or damages caused by the termination. Dixon-Yates sued in the Court of Claims for recovery.

The court majority saw something essentially cynical in the Government's defense. Here was Mr. Wenzell, an ardent advocate of the Eisenhower administration's power policy, a faithful servant of the Budget Bureau, the best adviser in utility bond financing the

Government could find, who had left the Bureau months before the Dixon-Yates contract was signed; and now the Government put up as a defense to the suit that Mr. Wenzell had acted in a criminal way, and consequently that the contract, being contrary to public policy, was never really a contract.

As one who has studied and investigated the Dixon-Yates affair from its birth in 1953 or early 1954, I can agree with the court's observation. There was something cynical about a Government action which first blessed and then cursed the Dixon-Yates contract, branding Wenzell as a criminal, not when the Government first knew about his role, but after the public learned about it, and after the Government no longer wanted the Dixon-Yates electricity.

Yes, there was something cynical about it, but cynicism does not dispose of the legal issues. The criminal statute on which the Government tried to hang its case—and hang Mr. Wenzell—is section 434 of title 18 of the United States Code. It provides, in essence, criminal penalties for anyone who represents the Government in transactions with any business entity in which he has a pecuniary interest.

The court majority—this was a 3-to-2 decision—took a narrow view of the law and left Mr. Wenzell an escape hatch. After all, said the majority, Mr. Wenzell did not take part in negotiating the power contract; he acted more in the role of "expediter" and advised the Government on financing, which bore upon the contract only in the sense that the cost of construction money to the utility syndicate would affect the price they charged the Government for kilowatts. How could there be a conflict of interest, the court asked, when Mr. Wenzell helped the Government to drive a better bargain with Dixon-Yates?

True, Mr. Wenzell's company might get to handle the Dixon-Yates financing—and Mr. Wenzell himself might get a bonus for the new business—but these matters were not decided at the time of Mr. Wenzell's Government work and, in any event, why should Dixon-Yates be penalized for a situation not of their own making and choice? Had not they, in fact, tried to persuade Mr. Wenzell to get out of the thing, to avoid embarrassing questions or criticism?

The court minority—in separate dissenting opinions of Justices Jones and Reed, the latter a retired distinguished member of the Supreme Court—held a different view. The criminal statute was broad enough on its face, they said, to cover Mr. Wenzell's activities. He acted for the Government in dealing directly with a "business entity"—the Dixon-Yates group. At the same time, he and his company were interested in the outcome of the negotiations in which he had an active hand. The fact that he left the Bureau before the final terms were arranged did not affect the argument. He served in both a public and private capacity. The majority was off the beam in arguing that First Boston's interest came into play after Mr. Wenzell quit his employment, because it was Mr. Wenzell and not his company that the Government held to be in violation of the law.

To invalidate the contract now, said the dissenting judges, may seem harsh, considering that there was no evidence that Mr. Wenzell or his company ever received any compensation or express promise of financial benefit. The purpose of the statute, however, went beyond motive and good faith of the parties involved. It sought to protect the Government even from allowing the conflict-of-interest possibilities to arise. Preventing abuses and promoting confidence in the integrity of public servants were the paramount objectives.

Underscoring the point that the application of the statute did not depend upon a showing of fraud or bad faith or criminal intent, Justice Jones added to the dissent:

> Rather, the issue is based on a principle older than this country itself, that no man who works for the Government may at the same time transact business with an entity in which, directly or indirectly, he has a pecuniary interest. The maxim that a servant cannot faithfully serve two masters is an ancient one and is grounded on the frailties of human nature. The warning it carries is proven each day by experience. Where loyalty is divided, the devotion and singleness of purpose demanded of its fulfillment is missing. The maxim has special significance for the Government because of the high standards of ethical conduct which it exacts from its employees.

What of the majority argument that Mr. Wenzell's interest in the Dixon-Yates power contract was too remote to justify invalidating the contract? The facts of business life, Justice Jones suggested, do not warrant so naive a notion:

> When large projects are involved there is always a tremendous drive for the privilege of handling and financing. It is highly competitive as it should be in a free economy. But this very fact makes it all the more important that the Government permit no unfair advantage as between competitors. They should all be on the same level of equality. This is an added reason for not permitting any interested party's serving in a dual capacity.
>
> It is argued that Wenzell had no connection with the performance contract, but only with the financing. But they are as closely linked as the law of supply and demand. Very few $100 million contracts can be performed without financing, and the financing of a large contract is an immensely profitable undertaking. Does anyone doubt that First Boston and Wenzell expected to finance the contract, and that Dixon-Yates expected them to do so?

Since the Dixon-Yates decision dealt with issues in the expenditure of Government funds and the conduct of Government employees, I asked the Comptroller General whether he believed the matter should be appealed to the Supreme Court. Under the signature of Mr. Frank H. Weitzel, Assistant Comptroller General, the reply was affirmative. I believe the members will be interested in the Comptroller General's opinion which is made a part of my remarks at the conclusion.

The fact that the court was closely divided on the basic issue in the case is noted as one reason to appeal. More important is "the probable importance of the decision as precedent in a vital area of public interest." I join with the Comptroller General and the court minority in emphasizing the purpose of the statute to promote public confidence in the conduct of Government officials and to proscribe any action which would impair that confidence. A Supreme Court opinion would serve to clarify a statute that badly needs judicial clarification, and it would help the Congress to determine what kind of remedial legislation, if any, is required in the future.

I will not discuss all the interesting points in the Comptroller General's letter but will mention only two. Noting Dixon-Yates' concern over Mr. Wenzell's role and the decision of the banking houses to forego fees for the bond financing, the Comptroller General suggests "that in this instance the moral and ethical standards of the marketplace are on a higher plane than those which the court considers applicable to the conduct of Government." I may note that Justice Jones in his dissent puts Dixon-Yates' concern about Mr. Wenzell in a little different light when he asked, "Could they have been more interested in avoiding the appearance of evil rather than the evil itself?"

The other point is that while the Budget Bureau knew that Mr. Wenzell, as its consultant, was meeting with, and supplying information to, the Dixon-Yates group, the record does not show that the Atomic Energy Commission, as the Government contracting agency, knew about these meetings until after the contract was signed. Mr. Strauss professed not to know even that Mr. Wenzell was associated with the Budget Bureau. This fact, the Comptroller General suggests, may have some significance in a reconsideration of the Court of Claims decision.

The Comptroller General's letter to me follows:

AUGUST 3, 1959.

DEAR MR. HOLIFIELD: Reference is made to your letter of July 29, 1959, requesting our opinion as to whether the case of the *Mississippi Valley Generating Corpany* v. *United States* which was decided by the Court of Claims on July 15, 1959, should be appealed to the Supreme Court of the United States.

Not only because of the close division of the court on the primary issue in the case, but also by reason of the probable importance of the decision as precedent in a vital area of public interest, we believe that review by the Supreme Court on certiorari should be applied for.

The essential issue presented, as we see it, is whether the United States must be bound by a contract, the initiation and basic framework of which was contributed to in substantial degree by a representative of the Government who at the same time was an officer and director in a private corporation which could reasonably and logically be expected to become an indirect beneficiary of the contract.

The majority opinion appears to rest upon two basic conclusions: first, that since the representative in question had no interest in the parties contracting directly with the Government, and there was no binding contractual arrangement between those parties and his private employer, he has not even an indirect interest within the intendment of 18 U.S.C. 434, and his activities were not contrary to public policy; and, second, that since the representative's superiors in the Government were aware of his private connections and interests, and the contract as ultimately effected was, in the opinion of

the court, fairly and honestly negotiated and entered into by officers acting in complete fidelity to the interests of the Government, the Government should not be permitted to disavow it to the prejudice of the other contracting parties.

We do not concur in either proposition. As to the first, the opinion seems to imply that unless the acts of Mr. Wenzell were in violation of the criminal statute, the Government's defense must fail. (See the second paragraph beginning on p. 20 of the printed opinion.) We believe, rather, that the proposition argued under topic I.C., of the Government's brief, that the contract was void on principles of public policy, is eminently sound and pertinent, and further believe that the argument in that respect should be amplified and stressed in presentation of the case to the Supreme Court. Far from being a mere "prophylactic generalization," as it is characterized in the opinion, the principle is in our view fundamental to our form of Government. It is essential that there be an abiding public confidence in the undivided faithfulness of public officers to the public interest, and any situation which tends to undermine such confidence by creating doubt or suspicion must, therefore, be regarded as contrary to public policy. We do not believe that in attempting to avoid a contract entered into under such circumstances the Government is invoking the protection of a "broad legal incapacity," "like the infant and the idiot," or is seeking to don "a diaphanous cloak of immunity woven from an asserted vague and undefined public policy." Ultimately, it is not the Government, but the public, which is entitled to protection.

For the same reasons, we do not believe that the case should properly be rested on the court's determination of the fairness and honesty of the contract, or of the honesty and fidelity of the officials who made it. The evil to be avoided is not that the Government may be bound by a fraudulent or questionable contract, but that public confidence in the conduct of Government may be shaken by the appearance of any circumstances which may reasonably give rise to doubt or suspicion.

That the circumstances of this case were of such a nature appears to be abundantly established by the fact that legal counsel both for Mr. Dixon, representative of the party most directly interested in the contract, and for Mr. Wenzell's private employer, as well as associates of Mr. Wenzell in the Bureau of the Budget, recognized clearly the appearance of impropriety inherent in Mr. Wenzell's activities. While the majority of the court saw in this no indication that the counsel "saw in his situation a conflict of interest," but merely a matter of policy, we believe that the counsel, and others who recommended Mr. Wenzell's disassociation from the negotiations, were most keenly aware of the true nature of the policy involved. The deliberate decision of both the First Boston Corp. and of Lehman Bros. to forgo any compensation whatever for handling the financing of the project, solely because of Mr. Wenzell's connection with it, seems to attest that in this instance the moral and ethical standards of the marketplace are on a higher plane than those which the court considers applicable to the conduct of Government.

While it appears to be implied in the opinion that Mr. Wenzell's activities and position were fully known to the responsible Government officials, it is noted that the court specifically found (findings, No. 126) that there is no evidence that any representative of the Atomic Energy Commission had knowledge until December 1954 "that Wenzell, while serving as a consultant to the Budget Bureau, had been meeting with and supplying information to the sponsors regarding the project, nor that any AEC repsentatives knew the extent to which the sponsors were aware of Wenzell's activities in that regard." Since it was the Atomic Energy Commission, and not the Budget Bureau, that was authorized by Congress to act in the matter and which, in fact, was the contracting agency on the part of the Government, this finding appears to be of some significance.

We have advised the Attorney General of our views in this matter.

Sincerely yours,

FRANK H. WEITZEL,
Assistant Comptroller General of the United States.

RURAL ELECTRIFICATION

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Minnesota [Mr. NELSEN] is recognized for 60 minutes.

Mr. NELSEN. Mr. Speaker, early this year a great battle raged here in the Congress over the so-called Humphrey-Price REA bill. Many farmers were led to believe that the future of the program was at stake, and that REA would be crippled if the bill failed. The bill did fail, 4 months have gone by, and power still continues to flow to the farms of America.

I hasten to say that I have no criticism of any Member of Congress who may have voted differently than I did on this measure. I realize, after again reading the testimony, that we, too, have been flooded with a barrage of propaganda, as well as pressure. Many of these men have become close personal friends of mine and I value their association; I respect their judgment and integrity.

I am a farmer who has lived and worked closely with REA since the very beginning. The power that serves my farm comes over a system that I helped organize. I was one of its directors and vice president. The tax law under which we operate in my State, I authored in the Minnesota Senate. From 1953 to 1956, I was here in Washington as the Administrator of the REA program.

The smoke has settled a little since the REA reorganization battle this spring, and I believe it is my responsibility now to bring a few things to the attention of all concerned.

I deplore the way our REA program is being battered around in one political controversy after another. I am also disturbed over the highhanded tactics of Mr. Clyde T. Ellis, the general manager of the National Rural Electric Cooperative Association. I believe he brings discredit on NRECA by involving our REA program in issues, controversies, as well as policies, in which a great many NRECA members do not believe.

After Congress voted on the REA bill last April, at least 10,000 newsletters, as well as magazine articles, were circulated nationwide by NRECA. They characterized those of us who disagreed with Clyde Ellis on this issue as anti-REA Members of Congress. I believe such an attack is unfair. We want people to know how we vote on all issues, but we expect both sides of an argument to be told so the reader can make up his own mind.

Moreover, the record of the hearings on the REA bill printed—at Government expense—page after page of slanted views, allegations, and insinuations which give a false picture of the great progress REA is making, and which arouse unjustifiable fears among the folks who depend on this program for power.

Since I am one who has been singled out in the Clyde Ellis attack, I am taking this opportunity to set the record straight for the benefit of all.

THE REA RECORD

It is hard to understand the Humphrey-Price issue without first looking at the overall strategy Mr. Clyde Ellis has followed on REA since the beginning of the Eisenhower administration. All you have to do is leaf through the various NRECA publications for the past 7 years, and you will find a constant prediction of doom and gloom.

The propaganda line has run something like this: "G. & T. program is dead." "Telephone program running like a dry creek." "Jacking up power costs." "REA program being slowed down."

Let us look at the record.

During this administration, 1,116,000 kilowatts of generating capacity have been installed, compared to 1,145,000 kilowatts of capacity during the previous 17½ years. "G. & T. is dead"?

In the telephone program there were 7,500 subscribers before 1953 and 800,000 were added during this administration. "Running like a dry creek"?

Of the $3.8 billion that has been loaned to REA in all of its history, $1.2 billion has been loaned in the past 6 years. "REA program being slowed down"?

Power costs in 1952 averaged 3.35 cents per kilowatt hour. In June 1959 they were 2.65 cents per kilowatt hour. "Power costs going up"?

The record will also show that unadvanced funds are waiting for the asking to the tune of better than a half billion dollars.

It will show further that the delinquency rate among borrowers has been reduced to the lowest in the history of the program, and that advance payments to the Government stand at the highest level.

THE TROJAN HORSE

So while the prophecies of doom and gloom and destruction have echoed through the auditoriums at many REA meetings and here in Congress, the record shows a successful performance, with the cooperation of farmers throughout the country.

But doom and gloom we must have to support the prophecies of the prophet. In this context came the Humphrey-Price issue.

The Secretary of Agriculture had requested that he be advised of some of the major loans in REA—a reasonable request since, under the 1939 as well as the 1953 Reorganization Act, he is responsible for the policy and conduct of this agency.

Mr. Ellis seized upon the 1953 act as his strawman issue for 1959. He termed it the "Trojan horse" that spelled doom for REA. He set out to sell the farmers on the Humphrey-Price bill as a means of restoring to the REA Administrator the powers that had been taken away from him by the Secretary of Agriculture.

It was tough selling, because there was not one witness, including Mr. Ellis, who could point to a single loan application that had been turned down, or even slowed down, by the Secretary.

The hearings can be searched from cover to cover and not one witness had a complaint pointing to the administration of the REA program.

In fact, managers and directors from the rural co-ops who did testify had nothing but praise for the administration of the REA.

THE REORGANIZATION ISSUE

But let us examine Mr. Ellis' Trojan horse more closely. The REA program was established in 1935 by Executive order, and in 1936 an act of Congress set it up as an independent agency.

In 1939 President Roosevelt felt the need for more definite lines of administrative authority and responsibility and presented a reorganization plan which was adopted by Congress. It placed REA in the Department of Agriculture, and in doing so all the functions and services of REA were brought under the Secretary of Agriculture, who in turn was responsible to the President. The 1939 act empowered the Secretary of Agriculture to control policy, assign legal staff, and demand examination of loans if he wished. Mr. Ellis was then a Member of Congress.

In 1953 President Eisenhower presented the second reorganization plan of that year, affecting many agencies in the Department of Agriculture. Its effect on REA is described by Mr. Robert Farrington, the legal counsel of the Department of Agriculture, who stated:

> The legal effect of Reorganization Plan No. 2 of 1953 was merely to confirm rather than to alter the relationship of the REA Administrator to the Secretary as it has existed since the Reorganization Plan No. 2 of 1939.

I can back up that statement, because I served as REA Administrator under the provisions of both the 1939 and 1953 reorganization plans. Frankly, I could not tell the difference after the 1953 act was passed.

But, in the recent battle over the Humphrey-Price bill, Ellis termed the 1953 Reorganization Act part of a master plan to destroy REA.

In his testimony before the committee, Mr. Ellis made two major points. First, he argued that reorganization is bad for REA. Ellis stated:

> Picture in your mind the big wooden horse of ancient mythology. The Trojans to their sorrow found out what it was like to let this innocent-looking thing inside their gates. Reorganization is REA's Trojan horse. And it is inside the city gates now.

Mr. Ellis' second major argument was that Congress, rather than the Executive, should have more power over REA. He contended Congress should keep a sharper control over any attempted changes. He stated:

> Thank God that some of the decisions for REA's future still lie in the hands of Congress which has enabled the program to make such far-reaching social and economic progress during the last 23 years.

On those two arguments, coupled with a nationwide campaign of fear for what might happen to REA in the future, Mr. Ellis came within four votes of making this bill into law.

Now, we farmers do not know much about Trojan horses. We know more about Belgian, Percheron, or even Clydesdale horses. And, most of us now suspect that, after devouring all the political hay that has been manufactured on this issue, the charging Trojan horse of 1953 is turning out in late 1959 to be nothing more than a hay-bellied nag.

THE ELLIS BOX SCORE

To check out this suspicion, let us make use of one of the techniques Mr. Ellis has used very successfully in harassing the Members of Congress—the voting record. Let us look at the rollcall votes Mr. Ellis, as a Member of Congress in 1939, himself cast on the issues of reorganization being bad for REA, and also on Congress needing more power to protect REA.

I do not necessarily endorse this voting record technique, because it does not always explain the Member's own reason for voting the way he did. But, it may be useful for Mr. Ellis to take a close look at his own box score before attacking Members of Congress who may also have a conviction.

In fact, when the 1939 Reorganization Act was being debated on the House floor, Congressman John Rankin, of Mississippi, proposed an amendment to keep REA independent—but there was not a word from Mr. Ellis in support of Mr. Rankin. Ellis gets no box score on this, because the vote on the Rankin amendment was not a rollcall vote. But, the RECORD shows he was present, because he voted just a few minutes later.

The CONGRESSIONAL RECORD of March 8, 1939, shows on page 2504 that Mr. Ellis cast his vote in favor of the 1939 Reorganization Act which took away the independence of REA. Ellis himself voted in favor of the reorganization which he claims is a Trojan horse for REA. That is one negative vote for Mr. Ellis, by his own arbitrary standards.

There are however two other rollcall votes on amendments which deal with Ellis' second major argument in 1959—the need for more congressional control over reorganization.

They are the Sumner amendment and the Taber amendment. After a full debate, in which Ellis took no part whatsoever, his votes are recorded as against both amendments on pages 2502 and 2503, CONGRESSIONAL RECORD, March 8, 1939. Both of these would have strengthened the right of Congress to examine reorganization before it became law. Chalk up two more anti-REA votes for Ellis—using his own arbitrary standards.

So Mr. Ellis' own votes have negated his two major arguments in testimony on the Humphrey-Price bill. What's more, he comes out with a voting record that can be headlined:

ELLIS 0 FOR 3 AGAINST REA

That's similar to the Ancher Nelsen voting record, which in a recent Ellis box score said:

NELSEN 0 FOR 4

Now, Mr. Speaker, it is entirely possible that the Trojan Horse of 1959 was just a fox farm plug in 1939, and I am the last one to say a man cannot change his mind in 20 years. But, I am saying that I have as much, or more, of a case on Ellis as he has on the Members of Congress when he arbitrarily characterizes their votes as "anti-REA." We can therefore ask how Clyde Ellis can justify making an issue in 1959 of a provision which he, in effect, voted to make law in 1939.

THE REASON FOR HUMPHREY-PRICE

I believe everyone should have a right to a difference of opinion. I also believe there comes a time when, if the facts are twisted and unfairly related, any red-blooded American has a right to fight back.

Sooner, or later, Mr. Ellis will have to learn that "fishing for issues" can be a dangerous game. When you throw the line, you sometimes catch a lunker, but sometimes you only catch the seat of your pants. In casting for a 1959 issue the line fouled on Ellis' 1939 votes. It has hooked into the seat of Ellis' pants. The only question left to answer is, "Why did Ellis do it?"

It is apparent that in this session Mr. Ellis needed an issue to make himself appear useful to the farmers of America. While he has predicted gloom and doom since the very beginning of this administration, the REA program has made unprecedented progress and is stronger today than ever in its history. So, Mr. Ellis had to find a strawman issue to maintain his prestige, and justify his salary—which incidentally far exceeds that of a Member of Congress. This bill was that issue.

Ironically, the Curtis amendment, introduced in the Senate this spring got nowhere. It would have given REA the complete independence it had before 1939. Ellis threw his weight behind the Humphrey-Price bill which created an administrative monstrosity by saddling the Secretary with responsibility for REA while limiting his authority over the operation.

The testimony of Mr. Ellis in support of this bill was couched in fear. There were no facts to back up the charge—only slanted, twisted testimony based on fear. That is the worst kind of demagoguery, Mr. Speaker, to arouse fears without giving a valid reason for doing so.

CONCLUSION

Thus, I am here today to do what I can to inform the farmers of this great country of the real facts—not distortions—in this entire matter. I am a farmer, and I know farmers want REA kept out of the political arena. They believe in fairness. It is my intention that they have the full story—in order that they may

determine for themselves who is really hurting this great REA program. I ask all those who are interested in protecting REA to join with me in exposing the sort of duplicity which has been practiced in this entire affair.

I do want to make one point very clear. This material is not in any way an indictment of the National Rural Electric Cooperative Association. I happen to be a farmer who is paying to support it. I think it has done some good work and I believe we will need it in the future. And that is the very reason I raise my voice today.

REA is one of the most successful programs ever undertaken by our Government, and we have a host of friends among the Members of Congress. REA has grown up, and is looking to Congress for sound and progressive legislation in the future. We can do a job for REA only after we have cleared the air of some of the phoney issues and fear-raising statements that have been manufactured in this field.

We need to take a careful inventory of this program. How can the long-range REA interests best be served? Do we forever remain tied to the Government? Are we meeting our responsibilities to our country? Are our demands fair?

We can never answer these questions fairly so long as the air is clouded with misunderstanding. And that is why I felt it was my responsibility to speak today.

It is of course a tragedy that grown men should exhaust themselves trying to prove who is the rascal. I regret that circumstances have forced me to speak at this time.

Four months have gone by since we debated the REA issue and power still continues to flow to 96 percent of the farms of America. There has been no catastrophe. I can only predict that long after Clyde Ellis and ANCHER NELSEN have gone to their reward, the power will still be flowing. The lights will be on in rural America so long as farmers continue to do a good job of running their local REA projects, making their interest and principal payments, and finally owning their own system which need not be mortgaged to either Government or to Wall Street.

It may well be that there is a Trojan horse in REA's camp today. It may be that the ill-advised involvements we have allowed the program to be dragged through will eventually ruin the bipartisan support we have always enjoyed. That will be a real Trojan horse.

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

Mr. NELSEN. I yield to the gentleman.

Mr. HIESTAND. Mr. Speaker, I should like to congratulate the gentleman for a very effective statement. I should characterize it even more strongly than that; I might call it a devastating statement. I certainly feel he is to be complimented. I should like to ask him if he would not characterize Mr. Ellis as probably one of the most aggressive and powerful lobbyists in Washington.

Mr. NELSEN. I think that is true, that he is a powerful lobbyist. I regret to say that in my own little State of Minnesota, while I have been in a congressional race, and I also ran for Governor, his activities were revealed in that State. I would suggest that no one should be denied the right to have an opinion, but I do not believe it is fair for me to be required to pay membership dues to an organization and then find that my own contribution is used to cut my throat. I think that is going a little far.

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

Mr. NELSEN. I yield to the gentleman.

Mr. MICHEL. Mr. Speaker, I ask unanimous consent that the gentleman from South Carolina [Mr. DORN] may extend his remarks at this point in the record.

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

There was no objection.

Mr. DORN of South Carolina. Mr. Speaker, I wish to commend the distinguished and able gentleman from Minnesota [Mr. NELSEN] on his excellent speech. The gentleman from Minnesota has dealt with this subject here today fairly and honestly. His approach is entirely nonpartisan, as it should be. He is eminently qualified to set the record straight because of his farm background and his experience as REA Administrator.

I particularly commend the gentleman for pointing out to the House Mr. Ellis' record when a Member of this body in 1939. I was greatly interested in Mr. Ellis' voting in favor of the reorganization in 1939, which put the REA under the Secretary of Agriculture. It is interesting to have this information, in view of Mr. Ellis' frantic lobbying for the Humphrey-Price bill, which would take away from the Secretary of Agriculture certain powers. A principle in 1939 is a principle today. Basic fundamental principles never change. However, political expediency shifts with the coming and going of the wind. As a farmer and consumer of REA power and as an American, I have always supported in every single instance legislation that I believed to be in the best interest of REA. When I voted against the so-called Humphrey-Price bill, I know I voted in the best interest of REA.

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

Mr. NELSEN. I am glad to yield to the gentleman.

Mr. MICHEL. Mr. Speaker, I take this opportunity to compliment the gentleman on the picture that he has painted for us here this afternoon. It certainly sets forth the facts in their true perspective.

I might say that during the 85th Congress it was my privilege to serve on the subcommittee which considered the legislation which the gentleman previously talked about. And while we bottled it up during the 85th Congress they were successful in getting it during this Congress. It was subsequently passed and then vetoed by the President and we were fortunate in sustaining that veto here in the House.

Mr. Speaker, I should like to say, as the gentleman from California [Mr. HIESTAND] has pointed out, that here again is another one of those examples where we find too much pressure brought to bear on Members of Congress and so much information offered only for the purpose of justifying the existence of some high-powered, high-salaried individual representing an organization, in this case as Mr. Ellis does, the National Association of REA Co-ops.

I think the gentleman has certainly performed a good service in bringing it to the attention of the American people.

Mr. NELSEN. I thank the gentleman.

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

Mr. NELSEN. I yield to the gentleman.

Mr. WALLHAUSER. Mr. Speaker, I should like to commend my distinguished colleague from Minnesota, because I think he has pointed up the problem very clearly. His vast knowledge and experience have shown us what the real problem has been. I am a member of the committee that heard the legislation that originated this year, and I fully agree with my colleague from Minnesota that it did not have any place in our legislative history.

Mr. Speaker, I congratulate the gentleman on a very clear presentation. I think he has straightened out the record.

Mr. NELSEN. I thank the gentleman.

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

Mr. NELSEN. I yield to the gentleman.

Mr. SCHWENGEL. Mr. Speaker, I am extremely happy to see our good friend and colleague, ANCHER NELSEN, take the floor today to talk about the problems of the REA and the issues that have unfortunately been raised that tend to incriminate some of the finest and most loyal supporters of the REA in this House. All of us, of course, know what the gentleman from Minnesota has so effectively pointed out. That is, that there is no program that the Government has developed an interest in that is of greater value economically to the whole of the United States and that at the same time seems to lighten the load to make a more efficient program and helps the farmer in so many ways than does the REA. Mr. Speaker, there is no man, who is serving the Congress today nor one that has served this Congress, who is more qualified to speak on the subject of the REA program than is our distinguished friend ANCHER NELSEN, of Minnesota.

Those of us who know this great American know that he has served nobly and well as Chief Administrator for Rural Electrification Administration from May 1953 to June 1956.

A great American of another political party made history during the campaign for President in 1928 by saying: "Let us look at the facts." This is a very appropriate observation in this instance as I seek to try to give this man the credit that he deserves for the tremendous job he has done for his country as Administrator for the REA.

Here are just a few of the facts from the record:

First. During 1952 the total amount of loans provided by the REA program was $165.7 million.

For 1953, $165 million.

For 1954, $167 million.

For 1955, $167.5 million on 349 electrification projects.

Second. The record shows further that between July 1, 1953, and July 1, 1955, borrowers connected an additional 200,000 farms to the REA system. It should be pointed out that these farms with this expansion were getting electricity for the first time in history. The records show clearly that all of the best areas of this Nation's farms received the benefits of the REA program before the period that ANCHER NELSEN became the Administrator and that he did an excellent job of picking up these loose ends of the isolated areas that had been neglected heretofore.

Third. Another record which all of us should be proud of is the help Mr. NELSEN has given to cooperative work with power contracts that have resulted in the cost of wholesale power being reduced from 1 cent in 1941 to 7.4 mills in 1955. It can honestly be said that this has resulted in savings of millions of dollars and demonstrates that the public interest has been well served and that there is no lack of interest on the part of the administration under his excellent leadership.

Fourth. Under his leadership, the REA received a reduction from 3.6 cents a kilowatt-hour for retail of electricity in 1951 to 3 cents per kilowatt-hour in 1955.

Fifth. In 1955 alone the REA made loans for generation plants and transmission systems in the amount of $41 million. This made provisions for 10 new generation units and 1,700 miles of transmission lines.

Sixth. The record shows that on March 5, 1956, the amount of money on loan to REA borrowers was $3.1 billion in grants to 1,026 borrowing units that, at that time, were serving over 4 million customers.

Seventh. Records show that this gentleman has a way of getting things done because he reduced the backlog from $200 million when he took office to $97 million in 1955.

Eighth. Mr. NELSEN felt, when he took office, there was a real need to use the contingency fund which had been used but once prior to his administration. In 1954, for instance, $39 million was used from the fund. In 1955, $35 million was used. This certainly indicates his willingness to use every facility at his command to encourage and promote the rural electrification system.

Mr. Speaker, here is one of the most enviable records of achievements anyone has ever made in Government on the domestic front. The gentleman from Minnesota is to be highly commended and every Member of Congress and REA user owes this man a great deal of gratitude for the effective and efficient job he did while he was Administrator and for his contribution and devotion to this program while a Member of Congress. It is worthy of note also, that he is doing this while at the same time carrying on the vast and varied responsibilities of the office of Congressman. I compliment the people of the Second District in Minnesota for sending a man of this caliber to Congress. I, for one, am deeply grateful to have the opportunity to serve with him in these legislative halls. He has performed an invaluable service in the past, and today is again doing a fine job in stating the problems, answers, issues, and giving us the benefit of his experience and able leadership in this area in which all of us in the farm belt of the United States have such a vital interest.

Mr. NELSEN. Mr. Speaker, I thank the gentleman for his kind remarks.

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

Mr. NELSEN. I yield.

Mr. HORAN. Mr. Speaker, for over 14 years it has been my privilege to serve on the subcommittee that reviews the work of the REA and its administration and supplies the funds for the succeeding fiscal year based on our appraisal of the record that is spread before us. I do want to say that the present speaker, Mr. NELSEN, showed up very well as Administrator of the REA. The program made great strides and much progress during his administration of those funds. The gentleman's reception before our subcommittee was always congenial and was never fraught with any controversy or conflict. He will, I think, bear me out when I say that he received the funds he asked for, and the funds he asked for were the funds that the REA needed to maintain its services to the rural peoples of America. This is a very popular program. It necessarily should be because it proposed in its inception to move the glories of electrical energy to areas not previously served with electrical energy. It is in this field, of course, that demagoguery finds fertile soil as nowhere else. Of course, you can raise issues anyplace you want to and scare people to death. I am glad the gentleman has brought this subject up and that you are trying to clear the air in this field. This is a strawman, I think—a good deal of it at least. I am reminded of a little couplet that I would like to state now. It has been used in the Halls of Congress before dealing with strawmen.

> Yesterday upon the stair,
> I saw a man who was not there.
> He was not there again today.
> I wish to God he would go away.

Mr. NELSEN. I thank the gentleman.

Mr. Speaker, I would, at this point, like to pay my compliments to the present Administrator, David A. Hamil, from Colorado. He has done a very conscientious job. He has been all over the United States and has made a host of friends. He has continued in this program in a very productive way. I think the record should show that. I also want to add this. During the time I was Administrator, I traveled all over the United States. Now serving in the Congress, as I do, I want to pay my respects and thanks to the gentlemen on the other side of the aisle because this program has been supported by Republicans and Democrats. When you are out on the farm, it does not matter what your politics are—electricity is awful nice to have. I certainly want to thank our friends on the Democratic side and on the Republican side as a farmer for the contribution they have made to the total economy of the country. This program is precious to those of us who live on the farm and we do not like to see it exploited in any way.

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

Mr. NELSEN. I yield.

Mr. McINTIRE. I certainly want to join with my colleagues in expressing appreciation to the gentleman from Minnesota for so ably placing before us and in the RECORD a very fair evaluation of the situation with which we dealt some time back. I am very much interested in the REA program. All of the REA cooperatives in my State of Maine are located in the district which I have the privilege of representing. I want to say, too, I think the Congress is fortunate that in its membership there is one who has had the experience not only as a user but as an organizer of cooperatives in the REA, but also on the broad basis of administration of the REA, thereby having the opportunities to gain from the experience and observations of the gentleman from Minnesota. I wish to commend the gentleman for taking this issue and so fairly and objectively analyzing it and placing it before the House of Representatives.

Mr. NELSEN. I thank the gentleman.

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

Mr. NELSEN. I yield.

Mr. SHORT. I want to join with my colleagues who have expressed their appreciation of my distinguished colleague and my friend for his very realistic and comprehensive analysis of what I would consider to be one of the phony issues which has come before Congress during this session of Congress. Certainly I do not think any man in Congress has any greater appreciation of the REA program than I, for I am a person who probably lives as far from a power line as any Member of Congress; and certainly nobody was any more surprised than I when I finally found that I was going to have power on my ranch 40 miles from town.

Personally, no one could appreciate it more than I as an individual farmer and rancher. I do not think anyone could have any greater appreciation of this program in that it has brought power to the farmers of this entire country. I think it has done more for them than any other single program that has been acted upon in the interest of agriculture.

As I have said many times, I do not think there is a single Member of Congress who would ever vote for any bill that would materially harm the REA program and its basic objective which has done so much for the farms of America. I really believe that is a completely true statement; certainly it is one that I subscribe to very much, and even if I have been described by some

people as one who is opposed to the REA program I think the people who know me and know my objectives certainly must realize that that is not in any sense of the word true.

I thank the gentleman for yielding.

Mr. NELSEN. I thank the gentleman for his contribution.

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

Mr. NELSEN. I yield.

Mr. McSWEEN. Mr. Speaker, first I should like to congratulate the gentleman man for his very excellent statement. I have listened with a great deal of interest also to his colleagues and my colleagues. I should like to say also that I know the gentleman's excellent record during the time he was REA Administrator. I personally know that record because I happened to be concerned from time to time with an application or two before him, and I should certainly like to say that he discharged his duties excellently and with great ability and consideration.

I have been actually surprised to learn some of the facts the gentleman has brought out here today. I have heard occasionally concerning the previous record of Mr. Ellis, who sat here, with regard to REA legislation, but I have never had it brought before me the way the gentleman has today.

You know, the REA program has been held by almost everyone who knows anything about it to be one of the great programs this Nation has had during the entire history of this country. I do not believe a single other program could be cited as doing more for the development of the underdeveloped areas of our country and improving the standard of living of our people than this program.

Everyone knows that it is an old trick to take a popular program and try to do something else with it, go into side issues and use a popular program in order to sell some other ball of wax. I recall efforts made the last time we had the REA program before us to defeat other important legislation.

I am sure Mr. Ellis is a fair gentleman, and I am just wondering if in the light of the gentleman's description of Mr. Ellis' voting record regarding REA, I am just wondering whether Mr. Ellis in his publication will give proper coverage to the gentleman's address today, and whether he will defend his position with regard to the time he was in Congress and his record on REA.

Again I thank the gentleman for his excellent statement.

Mr. NELSEN. I wish to make just a comment about one of the objectives we sought to attain in the program while I was Administrator. It is my feeling that one of the greatest contributions that could be made would be the development of a climate of confidence and cooperation. Out in Minnesota we worked out an arrangement where bureau power goes into our State. We worked out a wheeling contract with existing utilities over their transmission lines. We worked out provisions where they could use their generating plants to firm this power. The result of it is the 19 groups I represented in Washington at the time of these hearings saved well over a million dollars last year. Everybody won in that kind of an arrangement because of the climate of cooperation where we were working together. I know that the gentleman from Washington [Mr. HORAN] remembers the time we appeared here for that bill.

Mr. HORAN. I think one of the outstanding chores the gentleman has achieved was to bring peace to Kentucky and good cooperation and coordination between the existing suppliers of electrical energy in that State.

Mr. NELSEN. We had the east Kentucky contract, which had been held up by injunction for years. We worked out a compromise arrangement that now has made it one of the most effective coops in the country. The same is true of Georgia, the same is true of South Carolina. All of these controversies were worked out because we found when people got together they could work out a problem, but if they were agitated into a climate of mistrust, misunderstanding, and suspicion, you could not settle anything.

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

Mr. NELSEN. I yield to the gentleman from North Dakota.

Mr. BURDICK. I have been advised that the gentleman has referred to Mr. Ellis. I simply want to say that as far as North Dakota is concerned, the association that Mr. Ellis represents, Mr. Ellis and the local cooperatives of North Dakota have had harmony. And, as a result, the program has gone forward, and there are very few farmers in North Dakota who have not been receiving service. This has been due in a large part, to the good work of Mr. Clyde Ellis.

Mr. NELSEN. I regret that the gentleman was not here during all of the discussion because I referred in my speech to Ellis' voting record in 1939 when he voted for reorganization and against congressional controls over reorganization. Since this was the series of votes which took away the independence of REA and placed it under the Secretary of Agriculture, I hold that this Congress should have the right to maintain a similar position today without being characterized by Mr. Ellis as anti-REA. I have no criticism of the organization as the gentleman suggests. There has been no criticism leveled at it. I did level criticism at the executive manager who exploits the program and the organization.

Mr. BURDICK. I am very happy that the gentleman did not refer to the organization. Now, as for Mr. Ellis. His relations in North Dakota have been excellent. He has been a selfless and devoted man to the cause of rural electrification, which has done so much for rural America.

LET'S SEND THE MARINES TO LAOS AS WE DID TO LEBANON TO STOP FURTHER COMMUNIST NIBBLING

The SPEAKER pro tempore (Mr. IKARD). Under previous order of the House, the gentleman from New York [Mr. STRATTON] is recognized for 20 minutes.

Mr. STRATTON. Mr. Speaker, I rise this afternoon to discuss a matter of great urgency to the defense of this country and the free world, namely, the Communist-inspired and directed invasion of the free nation of Laos in Indochina, one of the critical areas in southeast Asia.

Southeast Asia was the subject of Communist invasion and attack prior to 1954, an attack that led to the subsequent partition of Indochina into North Vietnam held by the Communists and South Vietnam which remained free territory. In addition, the free countries of Laos and Cambodia were also to remain free of Communist penetration. Surprisingly enough, this arrangement has continued with little interruption since 1954, in spite of the fact that Communist forces in northern Vietnam have been built up considerably with assistance coming from Communist China to the north. However, within recent weeks and almost on the heels of President Eisenhower's invitation to visit this country extended to Premier Khrushchev, Communist forces began to move into Laos in strength, and they now threaten seriously the independence of that free country which occupies a most critical strategic position in southeast Asia between Communist Vietnam and free Thailand. Experts on all sides have referred to the present situation as dangerous, critical, and serious; and these statements are no exaggeration. The morning newspaper contains an account that the United States is studying a request from the Government of Laos for assistance in repelling the invasion of these Communist forces and other reports indicate that the United Nations is considering sending an inspection force into Laos.

Mr. Speaker, what is happening in Laos ought to be perfectly clear to anyone familiar with the Communist pattern of aggression, without the need for further study or the dispatch of inspection forces. This is just one more bit of the old nibbling routine that was halted only long enough for the Communists to build up their forces in southeast Asia and to wait for what they considered the most auspicious moment for renewing their devious penetration. Now that the Communists have apparently got what they want for the time being in Berlin they have shifted their heat to another sector of the periphery of the free world. That, as I see it, is the situation, and I do not think it needs any elaborate additional study.

Mr. Speaker, the only way for the United States to deal with this threat to our security in southeast Asia is to act swiftly and firmly. If we wait for further study or for the dispatch and subsequent report of a U.N. inspection force, it is clear that the Communist guerrillas will have already taken over and enslaved another key and critical area of southeast Asia before those reports can be typed up and throughly studied. If our efforts against communism are to be effective, they must be taken decisively and without delay. By their invasion of Laos the Communists have clearly violated the Geneva understanding which has been the basis for the status quo in Indochina

since 1954. For that reason we have every right to send help to Laos to assist the Lao Government in defending their freedom, and we have the right to send them whatever supplies, equipment, yes, and even forces that may be necessary to preserve their freedom.

Mr. Speaker, I am in favor of giving the Lao Government everything that it needs in terms of funds and equipment to meet the Communist threat. But I do not think we ought to stop there. We have been doing a good deal of talking of late, Mr. Speaker, about the need for limited war forces in the arsenal of the United States, and Congress has just appropriated a very substantial sum of money for the purpose of developing and maintaining forces of this kind to meet what we hear referred to as brush-fire situations in other parts of the world. But what good are these forces for which we are spending so much money unless we also have the ability to recognize dangerous situations quickly when they occur and the courage and determination to act promptly to bring these limited military forces to bear upon them? Otherwise all the millions and indeed billions we spend on providing standing troops and naval forces at sea are not going to help us one little bit in keeping the Communist menace from nibbling away further at the portals of the free world.

I think therefore it is clear that in order to guarantee the freedom of Laos we must, with the permission and at the request of the Lao Government, dispatch American forces into Laos immediately. I recommend the dispatch of suitable elements of the U.S. Marine Corps to assist the Lao Army in defending itself against this difficult brand of guerrilla warfare. I also recommend the dispatch of a U.S. Navy carrier, together with supporting aircraft and helicopter forces, to the coastal area off Indochina, not only to back up those marines if the need arises, but to demonstrate to the Communist world that America does not intend to stand idly by while Khrushchev and his Communist military machine try to take over one more piece of the critical southeast Asia area. If we hesitate to act now merely because the President is projecting an exchange of visits with Premier Khrushchev, we may well wake up when it is already too late. Indeed, the dispatch of the forces I have suggested to Laos immediately would be one of the best ways I know to make it clear to Premier Khrushchev that while we intend to receive him properly and courteously in the United States, as President Eisenhower has requested, we are not being fooled into thinking that he has changed his stripes or his methods of action in any way and we do not intend to let down our guard either in West Berlin, in Formosa Straits, in the Middle East, or in southeast Asia.

Mr. Speaker, let me add this one final word. We sent the marines swiftly into Lebanon once that nation asked for our help. Our prompt and forthright action there bolstered the Lebanese Government without a shot ever being fired. Once the Communists knew we meant business, they backed down. I am convinced, Mr. Speaker, that the same prompt and effective result would be achieved if we decide to send the marines into Laos. But we must answer the call of the Lao Government for help quickly to save the day. Only the strong can continue to remain free.

ARMORED CAR SERVICES OF ARLINGTON, VA.

The SPEAKER. Under previous order of the House, the gentleman from Virginia [Mr. BROYHILL] is recognized for 15 minutes.

Mr. BROYHILL. Mr. Speaker, I want to tell the Members of the Congress about a struggle for survival confronting a small, local business in my district—Armored Car Services of Arlington, Va. This local Virginia company was established in 1957 by a group of hard-working men who sincerely believed they could provide a service at a cost considerably lower than that being charged, and yet operate their business on a financially sound basis. They have worked diligently—10 to 12 hours a day—in an industrious effort to achieve their goal of making this business a success. However, they find themselves facing destruction because of the ruthless predatory price-cutting practices of their giant nationwide competitor, Brink's Inc.

Both of these companies are engaged in the business of transporting money by armored car. Both are in competition for the local Virginia, District of Columbia, and Maryland business. However, this is as far as any similar comparison can go. Brink's, Inc., is a huge, national corporation that operates in all the major cities of the United States and Canada. Their 1959 annual report indicates that their farflung operations include over 100 cities in 29 States of this country and six Canadian Provinces. A portion of a letter in this report from Brink's president to their stockholders, referring to their 1958 operating revenues, states, "Operating revenues of $24,744,050 were the highest in the history of the company." Further on in this same letter, Brink's president cites these facts and statistics showing the scope of Brink's operations:

> Over one-half of all the armored cars operating on the streets and highways of the United States carry the Brink's shield and trademark. In six Canadian Provinces, Brink's Express Co. of Canada, Ltd., operates an additional fleet of 100 armored cars that are counterparts of those in the United States * * * as of February 1959, Brink's has 112 branches and 1,026 armored cars handling an average of $1⅓ billion a day. In the course of this operation, Brink's armored cars make over 150,000 commercial stops per week and over 21,000 bank stops. In a year, the armored cars run up a total of about 12,500,000 route miles.

Contrast these gigantic operations and the tremendous economic power of Brink's to the strictly local operations of Armored Car Services, with its total of four armored cars and its relatively small, hard-earned capital. Notwithstanding this great dissimilarity, however, Armored Car Services was able, for a brief period of time, successfully to compete with Brink's, Inc., for the local business.

However, Armored Car Services had just barely gotten its feet on the ground when Brink's began its unscrupulous, below-cost price cutting, which by the reported word of one of Brink's own representatives—who might be more properly described as a Brink's "hatchet man"—informed a prospective customer to whom he was offering a ridiculously low price that their offer was not for the purpose of competing with Armored Car Services but for the express purpose of driving them out of business. Brink's offered to sign a contract with another potential customer under which they would carry the customer's money and securities absolutely free for a 2-year period. The intent behind this particular offer is so obvious that no further comment by me is necessary on it.

I am, however, going to cite a number of specific instances—all of which I believe clearly show that Brink's—in an effort to continue its monopolistic stranglehold on the money and security transportation business in the Washington metropolitan area—is using its great economic power as a bludgeon to smash the life out of this small local competitor—fully realizing that Armored Car Services is virtually powerless to fight back.

The first case involves the Washington, Virginia, and Maryland Coach Co., popularly known as the Arnold Bus Line. This was the very first customer signed up by Armored Car Services, and the contract, which became effective on February 1, 1957, provided for a monthly payment of $63.50 to the Armored Car Services for their services. Prior to this, Brink's had the contract with Arnold Bus Lines, and the price thereunder was $105 per month.

On January 31, 1958, the vice president and sales manager of Armored Car Services both paid a visit to the office of Mr. DeStefano, treasurer and comptroller of the W.V. & M. lines for the purpose of renewing the contract that was expiring the following day. During their meeting, Mr. DeStefano showed them a letter from Brink's offering to perform the same service which they formerly had for the price of $35.50 per month. In other words, Brink's was now willing to drop their price to one-third of their original price of $105. Mr. DeStefano stated that he clearly recognized the intent of Brink's behind such an offer, but that he would be forced to accept their offer in 1959 unless Armored Car Services could meet it.

The second case involves the Citizens Bank of Maryland. Armored Car Services has a contract with them under which the bank pays a monthly rate of $92.50 plus an additional 10 percent per bag charge for handling change. In December 1958, the sales manager of Armored Car made a good-will call on Mr. Hollingsworth, the executive vice president of the Citizens Bank of Maryland. During their conversation Mr. Hollingsworth stated that Brink's had offered to come down to a monthly rate of $50 for the same services which they formerly

rendered at a cost of $140 per month. However, Mr. Hollingsworth, recognizing what Brink's was trying to do, refused their offer.

The third case involves a Virginia bank, the Shirlington Trust Co. Brink's originally serviced this bank charging rates of approximately $120 per month. In 1958 Armored Car Services was successful in negotiating a contract for $85 per month. On March 2, 1959, the president of the Armored Car Services received a telephone call from the executive vice president of the Shirlington Trust Co., informing him that Brink's had made an offer to handle their money and securities for $34 per month.

While I am going to cite the facts of several more cases, I want to comment on these three at this time. I believe that the facts of these cases unquestionably show one of two things—either that Brink's originally was charging these three firms unreasonably high prices, or that they are now offering their services at prices far below those which will allow a reasonable profit.

The facts of these cases have been discussed with a practicing antitrust attorney who is an expert in this field. He concurs wholeheartedly with my belief, and stated that these facts undeniably show Brink's malicious intent to force Armored Car Services out of business through the evil of their great monopoly power.

In another case involving the Raleigh Haberdashery on F Street in downtown Washington, one of the Raleigh's officials asked Brink's representative point blank if Brink's was offering them new low rates for the purpose of eliminating competition, and the Brink's man replied with a definite "Yes."

Armored Car Services offered the Shoreham Hotel a contract containing an $85 per month rate in December 1958, without knowing what Brink's had been charging the Shoreham in the past. When Brink's learned in February 1959 that the Shoreham was about to give Armored Car Services the contract they immediately lowered their rates from $113 per month to $65. The Shoreham hotel official stated that while he fully realized why Brink's was offering this rate, he felt that Shoreham would have to accept in order to get back some of the high amounts they had paid Brink's prior to Armored Car Services' entry into this field.

Still another case involved a chain of grocery supermarkets with which Armored Car Services had successfully negotiated contracts. This chain was immediately threatened by a "secondary boycott" because of signing up with Armored Car Services, a nonunion shop. The reason why Armored Car Services was not a union shop at the time was because of their limited business. Some of their drivers were needed only for half days on certain days. Although Armored Car Services intended to join the union as soon as their business was sufficiently large enough to warrant it, they were forced to join before their business warranted it. The result has been that they have often had to pay wages to their employees who have had no work to do.

The facts of these cases all lead to a single, alarming conclusion—Brink's has used and continues to use every dirty trick in the book to destroy their competitor and regain their former position of absolute monopoly. It is a well-known fact that a number of local bankers were considering establishing an armored car service of their own several years ago because they were highly displeased both with the type of service Brink's was rendering and because of the exorbitantly high prices Brink's was charging them. These same bankers have told Armored Car Services on a number of occasions how pleased they are that Armored Car Services is giving Brink's some competition. Many of these bankers are now Armored Car Services' customers and refuse even to consider Brink's present lower offers because they remember well Brink's past high-handed dealings with them. However, many businesses feel as the Shoreham Hotel does—namely, that they must accept Brink's lower offer for two reasons—one being that their stockholders are entitled to the lowest cost service available in order to show a greater profit, and two, their desire to balance off part of the former high charges levied against them by Brink's in its former role of absolute monopolist—a role which it obviously enjoyed and one which it is seeking to regain by its cutthroat pricing practices and other devious and deceptive means.

And the frightening thought is the realization that Brink's is well on its way to achieving its selfish goal—that of complete destruction of Armored Car Services so that it can regain complete control and again charge whatever prices it may choose. However, I do not intend to stand idly by and see Brink's destroy my constituent—Armored Car Services. I have gone into this matter thoroughly to determine which Federal agency has jurisdiction over antimonopoly matters of this nature. I learned that ordinarily the Interstate Commerce Commission would have jurisdiction because it is the Federal agency charged with the responsibility of regulating common carriers. However, at a conference with an ICC official I was informed that the ICC had exercised the statutory discretion vested in them by Congress and had exempted the Washington metropolitan commercial zone from their control. This commercial zone includes the part of Virginia and Maryland in which Armored Car Services does the bulk of its business.

Following this conference, I checked with an attorney in the Antitrust Division of the Department of Justice to determine if they would have jurisdiction. He replied that they did have jurisdiction, citing a recent Federal case, *U.S.* v. *RCA*, 358 U.S. 334, which held that the Department of Justice had jurisdiction over a corporation whose transmission operations were regulated by another Federal agency—in this instance, the Federal Communications Commission. This same attorney informed me that from these facts which I have just presented it appeared that Brink's was attempting to monopolize, in violation of section 2 of the Sherman Antitrust Act. Accordingly, I have today sent a letter to the Attorney General, requesting that the Antitrust Division of the Department of Justice take immediate action to investigate this situation, and to order Brink's to stop their indiscriminate price-gouging practices.

Furthermore, I have suggested to Armored Car Services that they might want to consider bringing a civil suit for treble damages against Brink's, following the outcome of the Antitrust Division's investigation and findings. Of course, it is a well-known fact that the treble damage suits are long, drawn-out affairs because of the great backlog in the Federal courts, and, also, that they are very costly. It is for this reason that I have requested the Attorney General to take prompt action before Brink's has succeeded in draining the economic lifeblood out of Armored Car Services.

PREVIOUS ORDER

The SPEAKER. Under previous order of the House, the gentlewoman from Massachusetts [Mrs. ROGERS] is recognized for 10 minutes.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to speak on two subjects.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

MRS. CATHERINE MAY

Mrs. ROGERS of Massachusetts. Mr. Speaker, this morning we had a most wonderful exhibition that Mr. Summerfield, the Postmaster General, asked us to attend, at his office demonstrating the mechanization of the postal service. I saw there our distinguished colleague, the gentlewoman from Washington [Mrs. MAY]. I wish to join my colleagues in commending the gentlewoman from Washington. She was there at the postal exhibition looking after her district's postal matters. Mrs. MAY deserves commendation from all of us for her ability and her courage and her keen grasp of all the matters which have come before her during her freshman term in the Congress. More than that, and I speak from the point of view of one close to her, the gentlewoman from Washington brings to the House honesty, warm feeling, and kindliness which will make for her many friends on both sides of the aisle. We know that the gentlewoman comes from a district with many varied interests which requires keen understanding. We are all aware how hard and unselfishly the gentlewoman from Washington works for her people. Her district is to be congratulated for its good sense in choosing her to represent them in the Congress of the United States.

MECHANIZATION IN THE POSTAL SERVICE

Mrs. ROGERS of Massachusetts. Mr. Speaker, this morning it was my privilege, at the invitation of the Postmaster General, to see at his office a most inter-

esting and fascinating exhibit of the new mechanization plans for improving the postal service. Certainly Mr. Summerfield, the Postmaster General, deserves an enormous amount of credit for what he and his staff and the manufacturers who have assisted, are accomplishing for the postal service.

It is almost uncanny what machines can do in the sorting of mail, the picking out of letters that have not been stamped and returning them, and other feats that are done as if the human mind were guiding the work instead of a machine.

I wondered, as I watched these mechanical things, how much work would be lost to our postal employees. That matter has disturbed me very greatly. The answer was always, "We do not intend to drop people, some people may be dropped by attrition when they are up for retirement, but in the main we expect more work for the postal service."

While this has been going on, Mr. Chairman, our mails have been delayed, very badly delayed. From Massachusetts, Mr. George Brown, of the regional office, and Mr. deMotts, the head assistant of that office, were there. I would like to commend Mr. Brown for his great helpfulness to me and the people of all New England in all postal matters. I congratulate the Postmaster General and his thousands of employees—for their unity. I wish for them a happy future and I hope for the users of the mail that their service will be greatly facilitated. We, in the Congress, know too well what prompt delivery of mail means for the people of America.

CURRENT EFFECT OF THE TOMBSTONE LAW

Mr. HOSMER. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes and to revise and extend my remarks.

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

There was no objection.

Mr. HOSMER. Mr. Speaker, I just learned from what I regard as a very reliable source that 3 out of 5 lieutenant generals in the U.S. Marine Corps are contemplating asking immediate retirement in order to obtain advancement in rank before the repealer of the tombstone law becomes effective. These are Lt. Gen. Vernon McGee, commander of the Fleet Marines, Atlantic; Lt. Gen. E. A. Pollock, commander of the Fleet Marines, Pacific, and Lt. Gen. Nathan B. Twining, commanding general, Quantico.

These men, if they are retired immediately, will receive the promotion to which they are entitled and which they have earned on the basis of combat citations.

It is also my understanding that between 80 and 85 percent of the officers of the Marine Corps of the rank of colonel are going to ask for immediate retirement. If this is true, in this critical time in the affairs of the world, it is indeed a difficult situation and one which should impel us here in the Congress to rectify that legislation which was hastily passed and which is denying so many fine officers the rewards which are part of the promise that our Nation has made to them for the careers in the service which they have made, for the protection of the United States.

I hope that the Navy Department will make a statement on this forthwith so that we may know exactly what effect this legislation is having. I am certain if it is having such an effect in the Marine Corps it will likewise have such an adverse effect of equal magnitude in the other branches of the service.

HIGHWAY CONSTRUCTION PROGRAM

Mr. McSWEEN. Mr. Speaker, I ask unanimous consent that the gentleman from Ohio [Mr. MOELLER] may extend his remarks at this point in the RECORD and to include extraneous matter.

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

There was no objection.

Mr. MOELLER. Mr. Speaker, I have asked for this time so that I may bring to the attention of the House the extremely serious situation in which my State of Ohio has been placed by the failure of Congress up to this time to enact legislation providing for the financing of the Federal contributions to our highway construction program in the coming fiscal years. The situation is particularly acute with respect to the fiscal years 1961 and 1962.

At this time, Ohio has been forced to suspend letting of all Federal aid highway contracts, not only for the Interstate Highway construction, but also for the so-called ABC roads, primary, secondary, and urban. Until authorizations for at least fiscal 1961 are approved, this situation will continue. Further, the State has already used its own funds to finance about $40 million of the Federal share of interstate contracts for fiscal 1961, under authorization of the 1956 Federal Aid Highway Act and with the approval of the Bureau of Public Roads. Thus, Ohio's own funds are now mortgaged to this extent until further Federal funds are released to pay us back.

This state of affairs imposes a terrific burden on our State treasury, on our highway department, on the construction industry, allied businesses, the overall State economy, and on motorists. The State has acted in good faith in the spirit of the 1956 act. It has presented and has set into high gear a progressive program to carry out the intent of Congress as expressed in 1956 and as confirmed in 1957–58. We have now been forced to apply the brakes. Unless we can again shift into high gear with an uninterrupted program at or near the levels contemplated in the 1956 act, the penalties we are already suffering will be multiplied. There is absolutely no excuse for causing such a tremendous direct financial loss on contractors who have geared their businesses to handle the anticipated construction, on the communities affected, and on the individual construction employees who will be unemployed if work must stop—10,000 jobs in the construction industry alone are involved.

Aside from these considerations I wish to emphasize the fact that in our State alone we have built or have under construction at this time about $487 million worth of new highways under the Federal programs which will be largely unusable until we have received the $180 million necesary to provide the access roads and other improvements needed to put the new highways into actual operation. Consider what an economic waste is involved here if these new roads are allowed to lie idle why we in Congress dawdle in making up our minds, or if we fail to provide sufficient funds to permit construction of all the improvements necessary to put them into operation. No efficient industry would consider wasting an investment of this size. We talk about inefficiency in Government. This is our chance to do something to prevent an outstanding example of such inefficiency.

Up to this point I have talked only about the economic factors involved in the highway program. However, there is an even more vital consideration. I speak of the saving of human lives and the avoidance of human suffering which will result from the completion of newer and more modern highways. Every day that we delay in the construction of each mile of proposed new highway costs us something which cannot be evaluated in terms of dollars and cents. It is estimated that when the proposed 1,428 miles of interstate highways in Ohio are completed we will reduce our traffic accident deaths by 240 each year. Can we in good conscience let political considerations stand in the way of letting these people live? There is no way of estimating how much pain and misery we may save those who are marked for injury in the years to come, and how much suffering on the part of their families may be avoided if we push the highway construction program through without interruption. But I know that if we do not, each time I read of a death or a maiming on one of our inadequate roads I will ask myself "Could this tragedy have been avoided if Congress had acted in time and to the full extent of its powers?"

I hold no brief for any particular method of financing the future needs for this highway construction. I do not, however, believe that we should bind ourselves to a complete "pay-as-you-go" policy. My fundamental and irrevocable feeling is that we must maintain the program at a level equal or nearly equal to that for which we have planned in Ohio and in nearly every other State. My reasons for this are simple. They are explained eloquently in a résumé of the effect of a cutback on the highway program in Ohio which I would like to read into the RECORD at this point. This statement was prepared by the Director of the Ohio Department of Highways, Mr. E. S. Preston. I am sure that the impact of a curtailment of the Federal aid funds in Ohio which he outlines applies almost equally to most of our sister

States. I sincerely hope that the Committee on Ways and Means and the Committee on Public Works will bring this issue to the floor without further delay. When it does reach the floor, the Congressman from the 10th District of Ohio intends to support vigorously a program for fiscal years 1961 and 1962 which will provide funds at least equal to those proposed in the Fallon bill, H.R. 8678. I trust that my colleagues in the House will be equally vigorous in support of such amendments as may be necessary to reach this goal.

A RÉSUMÉ OF HOW THE FEDERAL HIGHWAY PROGRAM AFFECTS OHIO

(By E. S. Preston, director, Ohio Department of Highways, August 24, 1959)

I. WHAT OHIO HAD PLANNED

A. For the biennium beginning July 1, 1959—$360 million in interstate construction ($324 million in Federal aid allocations plus $36 million of State and local matching money).

B. The State had also planned to indulge in advance planning and advance purchase of rights-of-way on the Interstate System—perhaps to the extent of $40 million.

C. Ohio has its matching money. The State legislature passed a 2 cents per gallon increase in gasoline tax this year so Ohio could hold up its end of the bargain made with the Federal Government in the form of the 1956 Federal Aid Highway Act.

D. In addition, the legislature approved an act which will make available to the highway department from various State trust funds money for advance acquisition of rights-of-way.

II. EFFECTS OF THE CURRENT PROPOSALS FOR FINANCING THE INTERSTATE PROGRAM ON OHIO'S CONSTRUCTION PROGRAM

A. No 1961 interstate and primary, secondary, and urban fund allocations would cause a complete halt on construction of the Federal Aid Highway System in Ohio.

1. Ohio has already financed $40 million in interstate contracts entirely with its own funds in anticipation of the 1961 Federal allocations. The State cannot afford further advance financing before additional Federal apportionments are made and there is assurance of reimbursements when vouchers are presented to the Federal Government.

2. There is no provision for advance financing of the ABC (primary, secondary and urban) Federal aid system and Ohio has used most of such 1960 allocations. There is doubt Ohio would be reimbursed should it let further ABC contracts because of the present shortage in the Federal aid trust fund.

B. A $1.8 billion apportionment such as envisioned in the latest House Ways and Means Committee action—would force a $50 million cut in Ohio's planned interstate construction program the first year because it is $46 million less than the 1960 allocations. Including local and State matching funds, the total reduction in contracts would be $50 million.

C. A $2 billion allocation for 1962—would result in Ohio receiving $130 million—about $33 million less than 1960 and would dictate a $36 million reduction from planned levels of interstate construction.

D. $2.2 billion allocation—$143 million for Ohio.

E. $2.5 billion allocation—$162 million for Ohio which is the amount originally anticipated and the figure upon which the State based its planned program. This level of apportionments would allow Ohio to complete contract awards on the Interstate System before 1975—the year the highways are being designed for.

III. ECONOMIC IMPACT IN OHIO OF STOPPING OR CURTAILING THE PROGRAM

A. To industry: Complete cessation would probably cause the loss of 10,000 jobs in the highway construction industry alone.

B. To allied businesses: Stoppage of contracts would be a severe economic blow to suppliers of materials for road construction and to manufacturers of road building equipment. Ohio is the center of such manufacturing activities.

C. To the overall State economy: Economists say that for every dollar spent on highway construction there results an additional $4 of economic activity. Thus the economic loss to the State can be determined by multiplying the reduction of the interstate program by four.

D. To the motorists: Ohio State highway department planners figure a 2-year delay in completion of the Interstate System would cost the motorists $21,300,000.

E. Additional cost of delaying the program: Any delay which idles contractors is bound to reflect itself in higher bid prices because builders are geared up for a large program. A curtailment will result in red ink which must be covered later in the program.

IV. CONTINUED HIGHWAY CONSTRUCTION IS ESSENTIAL TO TRAFFIC SAFETY

A. Completion of the 1,428-mile network of interstate highways in Ohio will result in 240 fewer traffic deaths each year. For each year completion of the system is delayed, there will be needless traffic deaths.

B. Completion of the system will result in 60,000 less traffic accidents and a reduction of $50,750,000 in accident costs. (Accident costs total 1 cent a mile on normal two-lane highways compared to one-third cent a mile on interstate type highways, according to the U.S. Bureau of Public Roads).

V. OHIO WENT AHEAD BECAUSE OF THE 1956 CONGRESSIONAL PROMISE

A. That promise was contained in the 1956 Federal Aid Highway Act which declared it was the intent of Congress to provide funds at such a level that the Interstate System could be put under contract by 1969 and completed by 1972. Acting on this declaration, the State highway departments and contractors enlarged their output to meet the challenge of the greatest public works program in history. Now the imminence of a delay and stretchout in the program, wholly inconsistent with the promise of 1956, threatens totally needless economic waste.

Congress has a moral responsibility to continue the program at a level consistent with its original declaration.

VI. CONCLUSION

A. H.R. 8678, Mr. FALLON, and/or H.R. 8679, Mr. SCHERER (identical bills), represent the minimum solution in terms of Ohio's economical well-being and to the highway trust fund deadlock.

Jobs and prosperity in the highway construction industry, as well as many other industries, is at stake in the solution of this problem. Perhaps more important from the point of view of the people involved is the contribution to traffic safety which continued highway construction will make. An adequate, safe, smooth and complete highways system for Ohio is long overdue.

The purpose of this analysis is to seek your support and vote for this minimum legislation to continue this needed highway construction program. Ohio's stake is greater than any other State's.

RED CHINA'S ADMISSION TO THE UNITED NATIONS

Mr. MICHEL. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. HALPERN] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. HALPERN. Mr. Speaker, the action of the House in voting 368 to 2 in favor of the resolution opposing Red China's admission to the United Nations has won the acclaim of the entire country. This reaffirmation of American sentiment just a short time before the United Nations reassembles will, we hope, give pause to those countries who insist that Red China should participate in the councils of that body. And I trust that the United States delegates will heed this action of the elected Representatives of the American people and use the veto power, if need be, to block Red China's admission.

I was particularly pleased to vote for the resolution because I cannot accept the concept that any nation, great or small, can force its way into the world body of nations through intimidation, aggression, cynical opportunism, and brutality. If these are the credentials for admission we might as well scrap our system of values built up over the course of more than 2,500 years. Tyrannical imperialism cannot in any manner be construed to be in conformity with the principles of justice under law, independence of nations, and self-determination.

China does not qualify for admission under the Charter of the United Nations. Article IV of that charter, which relates to admission of nations other than the original members, reads:

> Membership in the United Nations is open to all other peace-loving nations which accept the obligations contained in the present charter and, in the judgment of the Organization, are able and willing to carry out these obligations.

The "obligations" referred to in the charter consist among others of the principles of settlement of disputes by peaceful means and the refraining by members of the threat of use of force against the territorial integrity or political independence of any state.

As long as Red China adamantly and irrationally insists on violating these obligations, it will by its own actions—not others—keep itself from admission to the United Nations. No reasonable person can argue that its past and present record in any way refutes its consistent violation of these charter provisions.

The record of the Red Chinese Government in the decade since it bludgeoned its way to power in that country hardly lends support to those seeking its current admission to the U.N. Aggression, subversion, coercion, guerrilla raids, suppression of independent governments, the flaunting of international agreements, despotic and brutal disregard of human rights—the hideous roster is there for all to see—Korea, Burma, Indochina, Quemoy, Matsu, Tibet, and Laos. And recent reports from the northern frontier of India indicate mounting Chinese coercion against Bhutan, Nepal, and the other small buffer states in the Himalayas.

Despite years of negotiation at Geneva and Warsaw, Red China is still holding Americans in prison on charges never proved in courts of competent jurisdiction under the protections of due process of law. We cannot forget these Americans for whom the Reds consistently refuse to give an accounting, despite their pledges solemnly made at Panmunjom—another sickening, horrible example of broken promises and commitments.

Admission of Red China to the United Nations would endanger the free world security system which we and our allies have built up in Southeast Asia. It would constitute a devastating blow to our policy of moral and material support of the small nations in that part of the world which are desperately endeavoring to maintain themselves against the massive pressures from Red China.

It would constitute a demoralizing blow to the Government of Nationalist China on Formosa and lead to the recognition of the Red China Government by the other nations of the world, thereby enormously increasing the prestige of that Government and of communism.

It would, in short, give aid and comfort to a nation which is determined to destroy us, which is, in effect, at war with us.

Let us hope that the indication of American determination not to be coerced by force or aggression, so splendidly demonstrated by the adoption of the resolution by the House of Representatives, will reverberate throughout the world until every aggressor realizes that free men will not be dissuaded from their goal of justice for all nations under law.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. STRATTON, for 20 minutes, on today.

Mrs. ROGERS of Massachusetts, for 10 minutes, today.

Mr. BAILEY, for 15 minutes, on Thursday.

Mr. PORTER to extend his special order for tomorrow from 30 minutes to 60 minutes.

Mr. CONTE, for 30 minutes, on tomorrow, Thursday, August 27.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mrs. KEE in three instances and to include extraneous matter.

Mr. MEADER and to include extraneous matter.

Mr. FULTON and to include extraneous matter.

(At the request of Mr. MICHEL, and to include extraneous matter, the following:)

Mr. HESS.

Mr. CURTIS of Missouri.

Mr. JUDD.

(At the request of Mr. McSWEEN and to include extraneous matter, the following:

Mr. MCDOWELL.

Mr. KARTH.

Mrs. SULLIVAN.

Mr. FRIEDEL.

Mr. TOLL.

Mr. COFFIN.

Mr. ANFUSO in two instances.

Mr MULTER.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. DAGUE (at the request of Mr. ALLEN), on account of serious illness in family.

Mr. BOGGS (at the request of Mr. ALBERT), for the remainder of the week, on account of official business (attending Interparliamentary Union Conference).

Mr. CRAMER (at the request of Mr. ARENDS), on account of death in family.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 2773. An act to amend section 1701 of title 38, United States Code, to provide the same educational benefits for children of Spanish-American veterans who died of a service-connected disability as are provided for children of veterans of World War I, World War II, and the Korean conflict;

H.R. 2725. An act to amend chapter 3 of title 18, United States Code, so as to prohibit the use of aircraft or motor vehicles to hunt certain wild horses or burros on land belonging to the United States, and for other purposes;

H.R. 7373. An act to amend section 801 of title 38, United States Code, to provide assistance in acquiring specially adapted housing to an additional group of severely disabled veterans;

H.R. 8284. An act to amend the National Science Foundation Act of 1950, as amended, and for other purposes; and

H.J. Res. 354. Joint resolution for the relief of certain aliens.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 510. An act for the relief of Peter R. Muller;

S. 554. An act for the relief of Argyrios G. Georgandopoulos;

S. 967. An act for the relief of Lea Levi; and

S. 1945. An act for the relief of Josef Jan Loukotka, Mieczyslaw J. Piorkowski, and Jan Frantisek Sevcik.

BILLS PRESENTED TO THE PRESIDENT

Mr. BURLESON, from the Committee on House Administration, reported that that committee did on August 25, 1959, present to the President, for his approval, bills of the House of the following titles:

H.R. 303. An act to provide for the conveyance of certain real property in the District of Columbia to the Association of the Oldest Inhabitants of the District of Columbia;

H.R. 1579. An act for the relief of Basile Ignatius Mavridis;

H.R. 1595. An act for the relief of Victor Hoffer;

H.R. 2078. An act for the relief of Gannon Boggs;

H.R. 2296. An act for the relief of the estate of Seth E. Libby, Jr.;

H.R. 2317. An act to amend section 7 of "An Act making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ending June thirtieth, nineteen hundred and three, and for other purposes", approved July 1, 1902, as amended, so as to provide for the bonding of persons licensed to engage in a business, trade, profession, or calling involving the collection of money for others;

H.R. 2318. An act to provide for the regulation of closing-out and fire sales in the District of Columbia;

H.R. 2741. An act to amend section 2734 of title 10, United States Code, so as to authorize the Secretary of the Treasury to settle claims arising in foreign countries incident to noncombat activities of the Coast Guard;

H.R. 2979. An act to amend section 752 of title 28, United States Code;

H.R. 3240. An act for the relief of Mrs. Clare M. Ash;

H.R. 4111. An act for the relief of Eva Marie Lesher;

H.R. 5911. An act for the relief of Omer W. Guay;

H.R. 6490. An act for the relief of Colbert Colgate Held and Charles W. Shellhorn;

H.R. 7085. An act for the relief of John B. Sutter;

H.R. 7106. An act to amend title 38, United States Code, with respect to forfeiture of benefits under laws administered by the Veterans' Administration;

H.R. 7638. An act for the relief of the estate of Sakihara Koki; and

H.R. 7948. An act to declare nonnavigable a part of the west arm of the South Fork of the South Branch of the Chicago River situated in the city of Chicago in the State of Illinois as hereinafter described.

ADJOURNMENT

Mr. McSWEEN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 5 minutes p.m.), under its previous order, the House adjourned until tomorrow, Thursday, August 27, 1959, at 11 o'clock a.m.

OATH OF OFFICE, MEMBERS

The oath of office required by the sixth article of the Constitution of the United States, and as provided by section 2 of the act of May 13, 1884 (23 Stat. 22), to be administered to Members of the House of Representatives, the text of which is carried in section 1757 of title XIX of the Revised Statutes of the United States and being as follows:

"I, A B, do solemnly swear (or affirm) that I will support and defend the Constitution of the United States against all enemies, foreign and domestic; that I will bear truth faith and allegiance to

the same; that I take this obligation freely, without any mental reservation or purpose of evasion, and that I will well and faithfully discharge the duties of the office on which I am about to enter, so help me God."

has been subscribed to in person and filed in duplicate with the Clerk of the House of Representatives by the following Member of the 86th Congress, pursuant to Public Law 412 of the 80th Congress, entitled "An act to amend section 30 of the Revised Statutes of the United States" (U.S.C., title 2, sec. 25), approved February 18, 1948: DANIEL K. INOUYE, Hawaii, at large.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1335. A letter from the Administrator, General Services Administration, transmitting a draft of proposed legislation entitled "A bill to include certain officers and employees of the General Services Administration within the provisions of the United States Code relating to assaults upon, and homicides of, certain officers and employees of the United States as constituting a crime"; to the Committee on the Judiciary.

1336. A letter from the Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation entitled "A bill to amend section 201 of the Social Security Act to revise certain provisions relating to the management and investment of the Federal old-age and survivors insurance trust fund and the Federal disability insurance trust fund, and for other purposes"; to the Committee on Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ROGERS of Colorado: Committee on the Judiciary. S. 1164. An act to authorize the appointment of a commissioner for Grand Canyon National Park, Ariz.; without amendment (Rept. No. 1044). Referred to the Committee of the Whole House on the State of the Union.

Mr. THORNBERRY: Committee on Rules. House Resolution 358. Resolution for consideration of S. 2539, an act to extend and amend laws relating to the provision and improvement of housing and the renewal of urban communities, and for other purposes; without amendment (Rept. No. 1045). Referred to the House Calendar.

Mr. FORRESTER: Committee on the Judiciary. H.R. 8708. A bill to amend subdivision d of section 60 of the Bankruptcy Act (11 U.S.C. 96d) so as to give the court authority on its own motion to reexamine attorney fees paid or to be paid in a bankruptcy proceeding; without amendment (Rept. No. 1046). Referred to the Committee of the Whole House on the State of the Union.

Mr. HALEY: Committee on Interior and Insular Affairs. H.R. 6508. A bill to grant minerals, including oil and gas, on certain lands in the Crow Indian Reservation, Mont., to certain Indians, and for other purposes; without amendment (Rept. No. 1047). Referred to the Committee of the Whole House on the State of the Union.

Mr. BONNER: Committee on Merchant Marine and Fisheries. H.R. 6067. A bill to amend section 4544 of the Revised Statutes of the United States to provide that, if the money and effects of a deceased seaman paid or delivered to a district court do not exceed in value the sum of $2,500, such court may pay and deliver such money and effects to certain persons other than the legal personal representative of the deceased seaman; with amendment (Rept. No. 1049). Referred to the Committee of the Whole House on the State of the Union.

Mr. BONNER: Committee on Merchant Marine and Fisheries. H.R. 8042. A bill to authorize the Secretary of Commerce to resell four C1-SAY-1 type vessels to the Government of the Republic of China for use in Chinese trade in Far East and Near East waters exclusively; with amendment (Rept. No. 1050). Referred to the Committee of the Whole House on the State of the Union.

Mr. ASPINALL: Committee of conference. S. 994. An act to authorize the Secretary of the Interior to construct, operate and maintain the Spokane Valley project, Washington and Idaho, under Federal reclamation laws (Rept. No. 1051). Ordered to be printed.

Mr. ASPINALL: Committee of conference. H.R. 6596. A bill to encourage and stimulate the production and conservation of coal in the United States through research and development by creating a Coal Research and Development Commission, and for other purposes (Rept. No. 1052). Ordered to be printed.

Mr. MILLS: Committee on Ways and Means. H.R. 529. A bill to discharge more effectively obligations of the United States under certain conventions and protocols relating to the institution of controls over the manufacture of narcotic drugs, and for other purposes; with amendment (Rept. No. 1053). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLS: Committee on Ways and Means. H.R. 4251. A bill to amend the Internal Revenue Code of 1954 so as to remove the 4-year limitation on deduction of exploration expenditures; with amendment (Rept. No. 1054). Referred to the Committee of the Whole House on the State of the Union.

Mr. ABERNETHY: Committee on Agriculture. H.R. 8639. A bill to create an Agricultural Research and Development Commission, to provide for more effective research programs designed to expand markets for agricultural and forestry products, to reduce surpluses, to increase farm income, and to benefit consumers, and for other purposes; with amendment (Rept. No. 1055). Referred to the Committee of the Whole House on the State of the Union.

Mr. WILLIS: Committee on the Judiciary. H.R. 6309. A bill to amend section 46, title 18, United States Code, with respect to transportation of water-hyacinths and seeds; with amendment (Rept. No. 1056). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. WALTER: Committee on the Judiciary. S. 2027. An act for the relief of William James Harkins and Thomas Lloyd Harkins; without amendment (Rept No. 1041). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. S. 2050. An act for the relief of Leokadia Jomboski; without amendment (Rept. No. 1042). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. S. 2102. An act for the relief of Irene Wladyslawa Burda; without amendment (Rept. No. 1043). Referred to the Committee of the Whole House.

Mr. BONNER: Committee on Merchant Marine and Fisheries. H.R. 3792. A bill to admit the vessel *John F. Drews* to American registry and to permit its use in the coastwise trade while it is owned by Merritt-Chapman & Scott Corp. of New York; without amendment (Rept. No. 1048). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. THOMPSON of Texas:

H.R. 8826. A bill to provide a health benefits program for certain retired employees of the Government; to the Committee on Post Office and Civil Service.

By Mr. ALBERT:

H.R. 8827. A bill to provide a health benefits program for certain retired employees of the Government; to the Committee on Post Office and Civil Service.

By Mr. BROYHILL:

H.R. 8828. A bill to provide a health benefits program for certain retired employees of the Government; to the Committee on Post Office and Civil Service.

By Mr. CELLER:

H.R. 8829. A bill to provide a health benefits program for certain retired employees of the Government; to the Committee on Post Office and Civil Service.

By Mr. CRAMER:

H.R. 8830. A bill to provide a health benefits program for certain retired employees of the Government; to the Committee on Post Office and Civil Service.

By Mr. DAGUE:

H.R. 8831. A bill to provide a health benefits program for certain retired employees of the Government; to the Committee on Post Office and Civil Service.

By Mr. FASCELL:

H.R. 8832. A bill to provide a health benefits program for certain retired employees of the Government; to the Committee on Post Office and Civil Service.

By Mr. FULTON:

H.R. 8833. A bill to provide a health benefits program for certain retired employees of the Government; to the Committee on Post Office and Civil Service.

By Mr. HOLLAND:

H.R. 8834. A bill to provide a health benefits program for certain retired employees of the Government; to the Committee on Post Office and Civil Service.

By Mr. LANE:

H.R. 8835. A bill to provide a health benefits program for certain retired employees of the Government; to the Committee on Post Office and Civil Service.

By Mr. McDONOUGH:

H.R. 8836. A bill to provide a health benefits program for certain retired employees of the Government; to the Committee on Post Office and Civil Service.

By Mr. MAILLIARD:

H.R. 8837. A bill to provide a health benefits program for certain retired employees of the Government; to the Committee on Post Office and Civil Service.

By Mr. MOULDER:

H.R. 8838. A bill to provide a health benefits program for certain retired employees of the Government; to the Committee on Post Office and Civil Service.

By Mr. ROGERS of Colorado:

H.R. 8839. A bill to provide a health benefits program for certain retired employees of the Government; to the Committee on Post Office and Civil Service.

By Mrs. WEIS:

H.R. 8840. A bill to provide a health benefits program for certain retired employees of

the Government; to the Committee on Post Office and Civil Service.

By Mr. STEED:

H.R. 8841. A bill to amend the Federal Trade Commission Act to provide for the issuance of temporary cease-and-desist orders to prevent certain acts and practices pending completion of Federal Trade Commission proceedings; to the Committee on Interstate and Foreign Commerce.

By Mr. ROOSEVELT:

H.R. 8842. A bill to amend the Federal Trade Commission Act to provide for the issuance of temporary cease-and-desist orders to prevent certain acts and practices pending completion of Federal Trade Commission proceedings; to the Committee on Interstate and Foreign Commerce.

By Mr. BROWN of Missouri:

H.R. 8843. A bill to amend the Federal Trade Commission Act to provide for the issuance of temporary cease-and-desist orders to prevent certain acts and practices pending completion of Federal Trade Commission proceedings; to the Committee on Interstate and Foreign Commerce.

By Mr. PATMAN:

H.R. 8844. A bill to amend the Federal Trade Commission Act to provide for the issuance of temporary cease-and-desist orders to prevent certain acts and practices pending completion of Federal Trade Commission proceedings; to the Committee on Interstate and Foreign Commerce.

By Mr. BARRY:

H.R. 8845. A bill to amend the act entitled "An act to establish a memorial to Theodore Roosevelt in the National Capital" to provide for the construction of such memorial by the Secretary of the Interior; to the Committee on House Administration.

By Mr. BENTLEY:

H.R. 8846. A bill to amend the act entitled "An act to establish a memorial to Theodore Roosevelt in the National Capital" to provide for the construction of such memorial by the Secretary of the Interior; to the Committee on House Administration.

By Mr. MARTIN:

H.R. 8847. A bill to amend the act entitled "An act to establish a memorial to Theodore Roosevelt in the National Capital" to provide for the construction of such memorial by the Secretary of the Interior; to the Committee on House Administration.

By Mr. OSMERS:

H.R. 8848. A bill to amend the act entitled "An act to establish a memorial to Theodore Roosevelt in the National Capital" to provide for the construction of such memorial by the Secretary of the Interior; to the Committee on House Administration.

By Mr. WAINWRIGHT:

H.R. 8849. A bill to amend the act entitled "An act to establish a memorial to Theodore Roosevelt in the National Capital" to provide for the construction of such memorial by the Secretary of the Interior; to the Committee on House Administration.

By Mrs. BLITCH:

H.R. 8850. A bill to amend the Tariff Act of 1930 to provide for the establishment of country-by-country quotas for the importation of shrimps and shrimp products, to impose a duty on all unprocessed shrimp imported in excess of the applicable quota, and to impose a duty on processed shrimp and prohibit its importation in excess of the applicable quota; to the Committee on Ways and Means.

By Mr. CRAMER:

H.R. 8851. A bill to amend the Tariff Act of 1930 to provide for the establishment of country-by-country quotas for the importation of shrimps and shrimp products, to impose a duty on all unprocessed shrimp imported in excess of the applicable quota, and to impose a duty on processed shrimp and prohibit its importation in excess of the applicable quota; to the Committee on Ways and Means.

By Mr. DORN of South Carolina:

H.R. 8852. A bill to amend the Tariff Act of 1930 to provide for the establishment of country-by-country quotas for the importation of shrimps and and shrimp products, to impose a duty on all unprocessed shrimp imported in excess of the applicable quota, and to impose a duty on processed shrimp and prohibit its importation in excess of the applicable quota; to the Committee on Ways and Means.

By Mr. BARR:

H.R. 8853. A bill to amend title II of the Social Security Act to provide that the widow of an insured individual shall be entitled to benefits thereunder (if otherwise eligible) without regard to the length of time such widow was married to such individual before his death; to the Committee on Ways and Means.

By Mr. BENNETT of Florida:

H.R. 8854. A bill to amend the Internal Revenue Code of 1954 to provide that the proceeds of certain crimes shall be included in gross income; to the Committee on Ways and Means.

By Mr. BERRY:

H.R. 8855. A bill to authorize the Secretary of the Interior to make payments to certain Indians for damages suffered as the result of the establishment of the Pine Ridge aerial gunnery range; to the Committee on Interior and Insular Affairs.

By Mr. BURKE of Kentucky:

H.R. 8856. A bill to amend section 1613 of title 38, United States Code, to permit veterans to receive education and training after the expiration of 8 years following their discharge where they were prevented from receiving such education and training under administrative regulations which were subsequently reversed or modified; to the Committee on Veterans' Affairs.

By Mr. CELLER:

H.R. 8857. A bill to revise, codify, and enact into law, Part II of the District of Columbia Code, entitled "Judiciary and Judicial Procedure"; to the Committee on the Judiciary.

H.R. 8858. A bill to amend subdivision c of section 18 of the Bankruptcy Act (11 U.S.C. 41c) so as to eliminate verification under oath of pleadings, except for petitions in bankruptcy; to the Committee on the Judiciary.

By Mr. COFFIN:

H.R. 8859. A bill to amend the Internal Revenue Code of 1954 to provide for refund to States of certain taxes on distilled spirits and wine destroyed by fire, casualty, or act of God; to the Committee on Ways and Means.

By Mr. EDMONDSON:

H.R. 8860. A bill to stabilize the mining of lead and zinc by small domestic producers on public, Indian, and other lands, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. ELLIOTT:

H.R. 8861. A bill to amend the laws relating to St. Elizabeths Hospital so as to fix the salaries of the superintendent, assistant superintendent, and first assistant physician of the hospital, and for other purposes; to the Committee on Education and Labor.

By Mr. MILLIKEN:

H.R. 8862. A bill to amend title VII of the Federal Property and Administrative Services Act of 1949, to provide for payments in lieu of taxes for certain real property at Folsom, Pa.; to the Committee on Government Operations.

By Mr. MONTOYA:

H.R. 8863. A bill to amend subchapter S of chapter 1 of the Internal Revenue Code of 1954, relating to election of certain small business corporations as to taxable status; to the Committee on Ways and Means.

By Mr. MORRIS of New Mexico:

H.R. 8864. A bill to amend subchapter S of chapter 1 of the Internal Revenue Code of 1954, relating to election of certain small business corporations as to taxable status; to the Committee on Ways and Means.

By Mr. THOMPSON of New Jersey:

H.R. 8865. A bill to provide for stabilization and orderly marketing in the poultry industry; to the Committee on Agriculture.

By Mr. VANIK:

H.R. 8866. A bill to amend the Internal Revenue Code of 1954 to provide that, in the case of stock or stock options issued or granted in whole or in part for services rendered, the gain therefrom shall be treated as ordinary income, and for other purposes; to the Committee on Ways and Means.

By Mr. WALTER:

H.R. 8867. A bill to amend section 331 of title 28 of the United States Code so as to provide for representation on the Judicial Conference of the United States; to the Committee on the Judiciary.

By Mr. DEROUNIAN:

H.R. 8868. A bill for the relief of the Albertson Water District, Nassau County, N.Y.; to the Committee on the Judiciary.

By Mr. EVINS:

H.R. 8869. A bill to amend the Federal Trade Commission Act to provide for the issuance of temporary cease-and-desist orders to prevent certain acts and practices pending completion of Federal Trade Commission proceedings; to the Committee on Interstate and Foreign Commerce.

By Mr. LENNON:

H.R. 8870. A bill to amend the Tariff Act of 1930 to provide for the establishment of country-by-country quotas for the importation of shrimps and shrimp products, to impose a duty on all unprocessed shrimp imported in excess of the applicable quota, and to impose a duty on processed shrimp and prohibit its importation in excess of the applicable quota; to the Committee on Ways and Means.

By Mr. METCALF:

H.R. 8871. A bill to stabilize the mining of lead and zinc by small domestic producers on public, Indian and other lands, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. VAN ZANDT:

H.R. 8872. A bill to provide a health benefits program for certain retired employees of the Government; to the Committee on Post Office and Civil Service.

By Mr. DORN of South Carolina:

H.R. 8873. A bill to prohibit interstate contributions in connection with congressional primaries and elections; to the Committee on House Administration.

By Mr. JOHNSON of Colorado:

H.R. 8874. A bill to amend the Federal Trade Commission Act to provide for the issuance of temporary cease-and-desist orders to prevent certain acts and practices pending completion of Federal Trade Commission proceedings; to the Committee on Interstate and Foreign Commerce.

By Mr. MULTER:

H.R. 8875. A bill to provide a health benefits program for certain retired employees of the Government; to the Committee on Post Office and Civil Service.

By Mr. TEAGUE of Texas:

H.R. 8876. A bill to provide a health benefits program for certain retired employees of the Government; to the Committee on Post Office and Civil Service.

By Mr. FULTON:

H.J. Res. 508. Joint resolution to help make available to those children in our country who are handicapped by deafness the specially trained teachers of the deaf needed to develop their abilities and to help make available to individuals suffering speech and hearing impairments those specially trained speech pathologists and audiologists needed

to help them overcome their handicaps; to the Committee on Education and Labor.

By Mr. BAILEY:

H. Con. Res. 418. Concurrent resolution providing for certain priorities for the temporary employment of civilian personnel to conduct the decennial census; to the Committee on Post Office and Civil Service.

By Mr. CHIPERFIELD:

H. Con. Res. 419. Concurrent resolution establishing a basic fuels policy for the United States; to the Committee on Rules.

By Mr. MORGAN:

H. Con. Res. 420. Concurrent resolution establishing a basic fuels policy for the United States; to the Committee on Rules.

By Mr. CORBETT:

H. Con. Res. 421. Concurrent resolution establishing a basic fuels policy for the United States; to the Committee on Rules.

By Mr. CURTIN:

H. Con. Res. 422. Concurrent resolution establishing a basic fuels policy for the United States; to the Committee on Rules.

By Mr. MOORHEAD:

H. Con. Res. 423. Concurrent resolution establishing a basic fuels policy for the United States; to the Committee on Rules.

By Mr. CELLER:

H. Res. 359. Resolution providing for the consideration of bill H.R. 8601; to the Committee on Rules.

By Mr. HARRIS:

H. Res. 360. Resolution amending House Resolution 56, 86th Congress; to the Committee on Rules.

By Mr. McDOWELL:

H. Res. 361. Resolution expressing the sense of the House of Representatives with respect to the reduction of Federal expenditures and requesting the President to provide the Congress advice, suggestions, plans, and proposals, including legislative recommendations by January 1960, which are better, sounder, and more specific than heretofore to provide for the reduction of all business and agricultural subsidies and a corresponding reduction of all Federal income taxes; to the Committee on Ways and Means.

By Mr. VANIK:

H. Res. 362. Resolution providing for the consideration of H.R. 8601; to the Committee on Rules.

MEMORIALS

Under clause 4 of rule XXII,

Mr. GIAIMO presented a memorial of the General Assembly of the State of Connecticut memorializing Congress concerning home rule for the District of Columbia, which was referred to the Committee on the District of Columbia.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. AYRES:

H.R. 8877. A bill for the relief of Pierangelo Torre; to the Committee on the Judiciary.

By Mr. BALDWIN:

H.R. 8878. A bill for the relief of Manuel Nido; to the Committee on the Judiciary.

By Mr. BENNETT of Florida:

H.R. 8879. A bill for the relief of Elton Alan Charles Peine; to the Committee on the Judiciary.

By Mr. FARBSTEIN:

H.R. 8880. A bill for the relief of Yue Ah Gee; to the Committee on the Judiciary.

By Mr. GIAIMO:

H.R. 8881. A bill for the relief of Joseph Ferreri; to the Committee on the Judiciary.

By Mr. JOHNSON of Maryland:

H.R. 8882. A bill for the relief of John Calvin Taylor; to the Committee on the Judiciary.

By Mr. LEVERING:

H.R. 8883. A bill for the relief of Mrs. Ekatrini L. Vasilakopoulos; to the Committee on the Judiciary.

By Mr. MOSS:

H.R. 8884. A bill for the relief of Hajime Misaka; to the Committee on the Judiciary.

By Mr. OLIVER:

H.R. 8885. A bill for the relief of William L. Berryman; to the Committee on the Judiciary.

By Mr. OSMERS:

H.R. 8886. A bill for the relief of Michaelangelo Mariano; to the Committee on the Judiciary.

By Mr. TELLER:

H.R. 8887. A bill for the relief of Dr. Generoso Bigornia and Mrs. Patricia S. Bigornia; to the Committee on the Judiciary.

By Mr. WALTER:

H.R. 8888. A bill for the relief of David John Maria, Angela Maria, and John Elias Maria; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

263. The SPEAKER presented a petition of James F. McManus, Levittown, N.Y., relative to a redress of grievance relating to his engagement in the sale of air transportation, which was referred to the Committee on Interstate and Foreign Commerce.

EXTENSIONS OF REMARKS

The Coming Visit of Premier Khrushchev

EXTENSION OF REMARKS

OF

HON. ELIZABETH KEE

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 26, 1959

Mrs. KEE. Mr. Speaker, there can be little doubt that the world can look forward to a series of sensational developments in the coming months. A few weeks ago who would have thought that Premier Khrushchev of Russia would be invited to visit the United States as an official guest of the President? Or that Mr. Eisenhower would pay a return visit to Russia?

A large number of people in the United States are alarmed over this turn of events. They feel that by inviting Mr. Khrushchev to this country we will greatly dampen the hopes of people behind the Iron Curtain for eventual liberation.

Conduct of foreign policy is in the hands of the President. He made the decision to exchange visits with Mr. Khrushchev. He sincerely believes that by meeting Mr. Khrushchev face to face he can alleviate to some extent the tensions which threaten world peace.

Mr. Eisenhower is undoubtedly the most respected world figure now in public life. He is placing his tremendous prestige on the line in the hopes that he can bring about a settlement of some of the world's more serious problems.

I am sure the President recognizes the risks involved. We could be lulled into a state of false security and let up in our determination to counter the Russian's cold war plans. The visits could bring about a split among the Western allies. Mr. Eisenhower's present visit to Europe is an effort to prevent this from happening.

Now that the decision to launch a determined peace offensive has been made, Congress must support the President wholeheartedly. A division at home at this time could be fatal.

I believe the people also have the responsibility to see that Khrushchev is received politely and correctly. Nothing would be gained by insulting him. All of the things he stands for are abhorrent to the American people but let us remember he is a guest of the President and as such he is entitled to a polite reception.

I have stated that on the whole I believe some good can come out of the exchange of visits. Khrushchev's ignorance about America is appalling. He apparently honestly believes that large corporations in this country want war to increase their profits. He also seems to think that workers in this country are enslaved by the "bosses."

If these and other misconceptions can be erased by the visit, it will be worth whatever risks are involved.

Mr. Eisenhower is no babe in the woods at this sort of international diplomacy. Some people in this country have expressed fear that he will be "taken in" by Khrushchev, but there have been reports out of Communist China that the Chinese are fearful Khrushchev will be "taken in" by the President. So perhaps this could cut both ways.

It is important that the world be reminded of the total dedication of the people of this country to peace. Mr. Eisenhower's present trip to Europe and the exchange of visits later are dramatic proof of our desire to build a world in which people can live at peace.

If Mr. Eisenhower can make a breakthrough on this front, if he can reassure Khrushchev that our foreign policy is based solely on a quest for peace, then perhaps some of the suspicions which cloud international relations can be removed.

Let us not kid ourselves that Khrushchev will leave this country a different person. He will still be the ruthless dictator of an aggressive, powerful nation. But perhaps he will understand a little better our hopes for peace and our determination to secure a just and lasting peace even at the risk of using the tremendous power at our command if necessary.

Perhaps he will be more convinced than ever that he cannot win by bluff and that further aggression will be costly to his country.