

Bloomington is a city with which I have had a long and special association, and its achievements are always filled with meaning for me. It has truly been a second home to me since I first went there as a freshman at Indiana University in 1921, and worked at Wells' Cafe. Throughout the years I have had continued close contact with Bloomington. My wife is a professor at Indiana University and my son is a senior in the law school there.

I have lived in Morgan County, which is adjacent to Monroe County, of which Bloomington is the seat, all of my life, as has my family since 1822. The people of Bloomington are and always have been representative of a friendly, kind, but rugged independence so typical of those living among the rolling hills of southern Indiana. I have known that Bloomington is an all-America city but I am glad to see it receive official recognition.

From long association I know the kind of teamwork which binds the citizens of Bloomington together in one successful civic enterprise after another. I have seen it exemplified in many instances, and I saw it again last fall when they made their presentation before the panel that selected this year's honor cities. I joined the delegation sent out to Colorado Springs, and after seeing first-hand their presentation I felt their selection was assured.

While I was happy to see Bloomington grow and become an increasingly important industrial center, I was fearful that this growth might destroy that friendly, helpful village atmosphere that has made Bloomington such a fine place in which to live and raise a family. But the true greatness of Bloomington is its ability, despite its growth and increasing importance, to remain the kind, friendly community that I knew years ago.

The same judgment applies to Indiana University. One cannot adequately discuss Bloomington without discussing the university, nor discuss the university without discussing Bloomington. Both have lived and grown together for about 140 years. Indiana University has steadily grown from a small but outstanding midwestern school to one of the largest universities in the country and, like Bloomington, it has retained its personal and friendly atmosphere, reflected in its interest in each student.

Perhaps the greatest thing that can be said of any city is that it is a fine place to live. You can certainly say that of Bloomington. It is most outstanding in livability.

Two Amendments To Be Offered to H.R. 2256

EXTENSION OF REMARKS

OF

HON. EDITH NOURSE ROGERS

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 3, 1959

Mrs. ROGERS of Massachusetts. Mr. Speaker, the following are two amendments which I propose to offer to the bill H.R. 2256, which I understand will come up for action on the floor tomorrow afternoon. I believe it will be difficult for the veterans to pay the high interest rates proposed in H.R. 2256:

AMENDMENT TO H.R. 2256, 86TH CONGRESS, AS REPORTED WITH A COMMITTEE AMENDMENT

Section 2(a) of H.R. 2256, 86th Congress, as reported with a committee amendment, is amended by (1) striking the word "and" before "(2)" and inserting a comma in lieu thereof, and (2) by adding before the period at the end thereof the following: "and (3) by adding at the end thereof a new sentence to read as follows: 'In every case in which a loan is guaranteed under section 1810 and the interest rate is more than 4½ per centum per annum, the Administrator is authorized to pay out of appropriations directly to the veteran, during the period the property is owned and occupied by the veteran as his home, and at such intervals as he may prescribe by regulations, an amount representing the difference between the interest paid by the veteran on the loan at the rate actually charged, not exceeding the maximum rate chargeable hereunder at the time the loan was made, and the amount of interest that would have been paid had the rate been set at 4½ per centum per annum.'"

ADDITIONAL AMENDMENT TO H.R. 2256, 86TH CONGRESS, AS REPORTED BY THE COMMITTEE

Amend section 2 of H.R. 2256 by adding a new subsection (c) as follows:

"(c) Paragraph (1) of subsection (d) of section 1811 of title 38, United States Code, is amended by adding at the end thereof the following: 'In every case in which the interest rate on the direct loan is more than 4½ per centum per annum, the Administrator is authorized to pay out of appropriations directly to the veteran, during the period the property is owned and occupied by the veteran as his home, and at such intervals as the Administrator may prescribe by regulations, an amount representing the difference between the interest paid by the veteran on the loan at the rate actually charged and the amount of interest that would have been paid had the rate been set at 4½ per centum per annum.'"

Mr. Speaker, it is important to legislate additional money for GI loans. I feel the veterans fare better if they can secure loans under VA auspices.

COMPARISON OF GI LOANS AND FHA LOANS

There are certain definite advantages to GI loan financing over FHA financing from the viewpoint of the veteran borrower and these advantages are present even if the two loans bear an identical interest rate.

The obvious advantage to the GI loan is that it may be obtained for home, farm, or business purposes whereas the FHA has no comparable farm and business loan program.

Other advantages of GI loan financing are as follows:

First. The GI loan guarantee or insurance is furnished without charge to the borrower whereas FHA loan insurance is paid for by the borrower through a mortgage insurance premium payment of one-half percent per annum on the monthly declining balance of the loan.

Second. The VA valuation of the property fixes the maximum price which the veteran may pay for the property. The FHA valuation is used in determining only the maximum loan amount and the purchaser may pay in excess of the FHA appraisal if he chooses to do so.

Third. The GI loan may be made for 100 percent of the approved purchase price. The FHA loan may be no more than 97 percent of the FHA valuation of the property in cases where the property is valued at no more than \$13,500 and for a lesser percentage as the value of the property increases. Consequently, a downpayment requirement exists in FHA insurance authority which is not present in VA authority.

Fourth. The GI loan may be prepaid by the borrower at any time without premium or fee. A prepayment fee of 1 percent of the outstanding principal balance may be required if the borrower wants to pay off an FHA loan before maturity.

Fifth. The VA has authority to purchase defaulted GI loans where the holder refuses to extend indulgence in deserving cases, thereby affording the borrower a further opportunity to keep his home. The FHA has no comparable authority.

Sixth. The VA has more limitations on foreclosure action by lenders which are designed to protect the veteran's interest and prohibit precipitous action.

Seventh. The VA has a statutory directive to release an original veteran borrower from liability under certain conditions where the property is sold and a new purchaser assumes the mortgage indebtedness. The FHA has no such requirement.

SENATE

WEDNESDAY, FEBRUARY 4, 1959

The Senate met at 11 o'clock a.m.

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

Our Father God, as in this Chamber, where rise the pillars of a people's hope, Thy servants in the ministry of national and world welfare face perplexing decisions affecting the lives of untold mil-

lions who look to them for the wise word and the right action, lift us all, we pray, from the confusions and bafflements of these perilous days into the unhurried calm of Thy presence.

For the preservation of our freedom, for the defeat of all tyranny, for the redemption of democracy from its failures, for the attainment of a just and enduring peace for all the earth, we lift our hearts to Thee, O God of our salvation.

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

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,

Washington, D.C., February 4, 1959.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. EVERETT M. DIRKSEN, a Senator from the State of Illinois, to perform the duties of the Chair during my absence.

CARL HAYDEN,
President pro tempore.

Mr. DIRKSEN thereupon took the chair as Acting President pro tempore.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, February 3, 1959, was dispensed with.

REPORT OF A COMMITTEE SUBMITTED DURING ADJOURNMENT

Under authority of the order of the Senate of February 3, 1959, the following report of a committee was submitted:

On February 3, 1959:

By Mr. SPARKMAN from the Committee on Banking and Currency, with an amendment: S. 57. A bill to extend and amend laws relating to the provision and improvement of housing and the renewal of urban communities, and for other purposes (Rept. No. 41).

HOUSING ACT OF 1959—AMENDMENTS SUBMITTED DURING ADJOURNMENT

Under authority of the order of the Senate of February 3, 1959,

Mr. CLARK, on February 3, 1959, submitted amendments, intended to be proposed by him, to the bill (S. 57) to extend and amend laws relating to the provision and improvement of housing and the renewal of urban communities, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. CAPEHART, on February 3, 1959, submitted amendments, intended to be proposed by him, to Senate bill 57, supra, which were ordered to lie on the table and to be printed.

MESSAGES FROM THE PRESIDENT

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

EXECUTIVE MESSAGES REFERRED

As in executive session,

The ACTING PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

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

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. JOHNSTON of South Carolina, and by unanimous consent, the Interstate and Foreign Commerce Committee and the Judiciary Subcommittee of the Committee on the District of Columbia were authorized to meet today during the session of the Senate.

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

The Preparedness Subcommittee of the Committee on Armed Services; and
The Committee on Aeronautical and Space Sciences.

TRANSACTION OF ROUTINE BUSINESS

Mr. MANSFIELD. Mr. President, under the rule, there will be the usual morning hour for the introduction of bills and the transaction of other routine business. I ask unanimous consent that statements in connection therewith be limited to 3 minutes.

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

EXECUTIVE CALENDAR

Mr. MANSFIELD. Mr. President, for the information of the Senate, I announce that there are no nominations on the Executive Calendar.

The ACTING PRESIDENT pro tempore. The Chair so understands.

EXECUTIVE COMMUNICATIONS, ETC.

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

REPORT ON OPERATIONS UNDER BUDGET CIRCULAR NO. A-45

A letter from the Acting Director, Bureau of the Budget, Executive Office of the President, transmitting, pursuant to law, a report on the operations of Bureau of the Budget Circular No. A-45 upon departments, agencies, and corporations of the Government dated January 1959 (with an accompanying report); to the Committee on Appropriations.

SAFEGUARDS AGAINST CERTAIN MERGERS AND CONSOLIDATIONS OF BANKS

A letter from the Acting Secretary of the Treasury, transmitting a draft of proposed legislation to amend the Federal Deposit Insurance Act to provide safeguards against mergers and consolidations of banks which might lessen competition unduly or tend unduly to create a monopoly in the field of banking (with accompanying papers); to the Committee on Banking and Currency.

REPORT ON ADMINISTRATION OF TRADE AGREEMENTS EXTENSION ACT OF 1958

A letter from the Director, Office of Civil and Defense Mobilization, Executive Office of the President, transmitting, pursuant to law, his report on the administration of section 8 of the Trade Agreements Extension Act of 1958, dated February 1, 1959 (with an accompanying report); to the Committee on Finance.

AMENDMENT OF FOREIGN SERVICE BUILDINGS ACT OF 1926

A letter from the Secretary of State, transmitting a draft of proposed legislation to amend the Foreign Service Buildings Act of 1926 (with accompanying papers); to the Committee on Foreign Relations.

ADJUSTMENT AND CANCELLATION OF CERTAIN IRRIGATION CHARGES AGAINST NON-INDIAN OWNED LANDS, WYOMING

A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to approve an order of the Secretary of the Interior adjusting, deferring, and canceling certain irrigation charges against non-Indian-owned lands under the Wind River Indian Irrigation project, Wyo.,

and for other purposes (with accompanying papers); to the Committee on Interior and Insular Affairs.

EXTENSION OF LEASING PROVISIONS TO CERTAIN LANDS IN OREGON

A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to extend the leasing provisions of the act of June 14, 1926, as amended by the act of June 4, 1954 (68 Stat. 173; 43 U.S.C., secs. 869-869-3), to certain lands in Oregon, and for other purposes (with an accompanying paper); to the Committee on Interior and Insular Affairs.

ACQUISITION OF LANDS FOR GEOLOGICAL SURVEY

A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to amend the act of December 24, 1942 (56 Stat. 1086; 43 U.S.C., sec. 36b), entitled "An act to authorize the Secretary of the Interior to acquire lands or interest in lands for the Geological Survey" (with an accompanying paper); to the Committee on Interior and Insular Affairs.

ADDITION OF CERTAIN PUBLIC LANDS IN CALIFORNIA TO PALA INDIAN RESERVATION, PAUMA INDIAN RESERVATION, AND CLEVELAND NATIONAL FOREST

A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to add certain public lands in California to the Pala Indian Reservation, the Pauma Indian Reservation, and the Cleveland National Forest, and for other purposes (with an accompanying paper); to the Committee on Interior and Insular Affairs.

REPRESENTATION OF INDIGENT DEFENDANTS IN CERTAIN CRIMINAL CASES

A letter from the Attorney General, transmitting a draft of proposed legislation to provide for the representation of indigent defendants in criminal cases in the district courts of the United States (with an accompanying paper); to the Committee on the Judiciary.

AMENDMENT OF SECTION 3731, TITLE 18, UNITED STATES CODE, RELATING TO APPEALS BY THE UNITED STATES

A letter from the Attorney General, transmitting a draft of proposed legislation to amend section 3731 of title 18 of the United States Code relating to appeals by the United States (with accompanying papers); to the Committee on the Judiciary.

DRAFTS OF PROPOSED LEGISLATION

A letter from the Attorney General, transmitting three drafts of proposed legislation, as follows:

A bill to authorize the Attorney General to compel the production of documentary material required in civil investigations for the enforcement of the antitrust laws, and for other purposes;

A bill to amend the Clayton Act, as amended, by requiring prior notification of corporate mergers and acquisitions, and for other purposes; and

A bill to amend the Clayton Act by prohibiting the acquisition of assets of other banks by banks, banking associations, or trust companies when the effect may be substantially to lessen competition, or to tend to create a monopoly (with accompanying papers); to the Committee on the Judiciary.

REPORT ON CLAIMS ARISING FROM CRASH OF NAVY AIRCRAFT NEAR MINNEAPOLIS, MINN.

A letter from the Assistant Secretary of the Navy, reporting, pursuant to law, on claims settled and paid by the Secretary of the Navy, arising from the crash of a U.S. Navy F9F-4 jet aircraft near Wold-Chamberlain Air Field, Minneapolis, Minn., on June 9, 1956 (with accompanying papers); to the Committee on the Judiciary.

SUSPENSION OF DEPORTATION OF CERTAIN ALIENS

Three letters from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, copies of orders suspending deportation of certain aliens, together with a statement of the facts and pertinent provisions of law pertaining to each alien, and the reasons for ordering such suspension (with accompanying papers); to the Committee on the Judiciary.

GRANTING OF STATUS OF PERMANENT RESIDENCE TO CERTAIN ALIENS

Two letters from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, copies of orders granting the application for permanent residence filed by certain aliens, together with a statement of the facts and pertinent provisions of law as to each alien, and the reasons for granting such applications (with accompanying papers); to the Committee on the Judiciary.

SPECIAL POSTAGE RATES FOR EDUCATIONAL, CULTURAL, AND LIBRARY MATERIALS

A letter from the Deputy Postmaster General, transmitting a draft of proposed legislation to clarify and make uniform certain provisions of the law relating to special postage rates for educational, cultural, and library materials, and for other purposes (with an accompanying paper); to the Committee on Post Office and Civil Service.

REPORTS ON POSITIONS FILLED IN CERTAIN GRADES OF CLASSIFICATION ACT OF 1949

A letter from the Administrator, Small Business Administration, Washington, D.C., transmitting, pursuant to law, a report on positions filled under the Classification Act of 1949, in grades GS-16, 17, and 18 (with accompanying papers); to the Committee on Post Office and Civil Service.

A letter from the Chairman, Civil Aeronautics Board, Washington, D.C., transmitting, pursuant to law, a report on positions filled under the Classification Act of 1949, in grades GS-16, 17, and 18 (with accompanying papers); to the Committee on Post Office and Civil Service.

ACQUISITION BY ADMINISTRATOR OF GENERAL SERVICES OF CERTAIN LAND

A letter from the Acting Chairman, National Capital Planning Commission, Washington, D.C., transmitting a draft of proposed legislation to authorize acquisition by the Administrator of General Services of certain land and improvements thereon located (1) within the area bounded by Constitution Avenue on the north, the Anacostia River on the east, Independence Avenue on the south, and 2d Street, southeast and northeast, on the west, and (2) within the contiguous area bounded by C Street, northeast, on the north, 21st Street, northeast, on the east, Constitution Avenue on the south, and North Carolina Avenue on the west, all within the District of Columbia, and for other purposes (with an accompanying paper); to the Committee on Public Works.

PETITIONS AND MEMORIALS

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

By the ACTING PRESIDENT pro tempore:

A resolution adopted by the house of delegates of the American Bar Association in Los Angeles, Calif., relating to judicial nominations and appointments; to the Committee on the Judiciary.

RESOLUTION OF OKLAHOMA HOUSE OF REPRESENTATIVES

Mr. KERR. Mr. President, I present, for appropriate reference, a resolution of the House of Representatives of the State of Oklahoma relating to the National Defense Education Act of 1958.

There being no objection, the resolution was referred to the Committee on Labor and Public Welfare and, under the rule, was ordered to be printed in the RECORD, as follows:

ENROLLED HOUSE RESOLUTION 511

Resolution commending the members of the Oklahoma congressional delegation for their wholehearted participation in the passage of Public Law 85-864, the National Defense Education Act of 1958

Whereas the Congress of the United States in its wisdom passed the National Defense Education Act of 1958 which will, among other important items, enable the Commissioner of Education to make loans available to students at low interest rates in order that students in need thereof may pursue their courses of study in institutions of higher education; and

Whereas the sums authorized to be appropriated for such purpose amount to \$47,500,000 for fiscal year 1959, \$75 million for fiscal year 1960, \$82,500,000 for fiscal year 1961, \$90 million for fiscal year 1962, and such sums for fiscal year 1963 and each of the 3 succeeding fiscal years as may be necessary to enable students who have received a loan for any school year prior to July 1, 1962, to continue or complete their education, the majority of such sums so appropriated going for loans to students; and

Whereas Oklahoma may receive a part of the money so appropriated which amount bears the same ratio to the sums thus appropriated as the number of persons enrolled on a full-time basis in this State bears to the total number of persons enrolled on a full-time basis in all of the States; and

Whereas the passage of said National Defense Education Act of 1958 will mean authorization of approximately \$6 million will be made available to higher education students in this State and many promising students will, because of the loans, be able to continue and complete their education: Now, therefore, be it

Resolved by the House of Representatives of the 27th Legislature of the State of Oklahoma—

1. That all members of the congressional delegation are hereby commended for their participation in the passage of the National Defense Education Act of 1958.

2. That a duly authenticated copy of this resolution be transmitted by the clerk of the house of representatives to each member of said Oklahoma congressional delegation. Adopted by the house of representatives the 26th day of January 1959.

CLINT G. LIVINGSTON,

Speaker of the House of Representatives.

FEDERAL AID TO EDUCATION—RESOLUTION

Mr. JAVITS. Mr. President, I ask unanimous consent to have printed in the RECORD a resolution adopted by the Northeast Queens Council for Schools, of New York, N.Y., relating to Federal aid to education.

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

"Whereas there is still a serious shortage of classrooms and of teachers requiring emergency action on the part of the Federal Government; and

"Whereas limited financial resources available to many communities are not adequate to support construction programs of sufficient size to eliminate their classroom shortages and not sufficient to provide proper compensation to their teachers; and

"Whereas the national interest requires that the Federal Government assist State and local governments in solving these pressing problems: Therefore, be it

Resolved, That the Federal Government provide Federal financial assistance on a grant basis to help meet the problems of inadequate facilities and inadequate teachers' salaries by enacting such Federal aid to education legislation in 1959."

Resolution drafted by conference committee of Northeast Queens Council for Schools, resultant from fifth annual Boroughwide conference on educational legislation on this 16th day 1958.

NAOMI GARSTEIN,
President.

THE FIGHT AGAINST COMMUNISM—RESOLUTION

Mr. JAVITS. Mr. President, I ask unanimous consent to have printed in the RECORD a resolution adopted by Our Lady of Fatima General Assembly, Fourth Degree, Knights of Columbus, of Suffolk County, N.Y., endorsing the activities of the Federal Bureau of Investigation in the fight against communism.

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

Whereas the activities of Communist, Communist-front, and certain pseudoliberal organizations constitute a present and continuing danger to the liberties of all Americans and the welfare of our country; and

Whereas several of these organizations have launched an attack on the Federal Bureau of Investigation, the House Un-American Activities Committee, and the Justice Department of the United States in an effort to hamper their activities and break down our country's defense against subversion; and

Whereas the Supreme Court of the United States has exceeded its judicial functions in laying down rules for the conduct of congressional investigations, which will impede the fight against subversion: Now, therefore, be it

Resolved, Our Lady of Fatima General Assembly, in regular meeting assembled, expresses its wholehearted approval and support of the activities of the Federal Bureau of Investigation and its Director, Mr. J. Edgar Hoover, and insists that this organization be given the widest possible latitude to continue its invaluable services in the protection of our country against its enemies abroad and at home; and be it further

Resolved, That this assembly endorses and congratulates the House Un-American Activities Committee on its diligent and tireless efforts in exposing Communist infiltration in our Government, in the professions, and in vital industries, and we demand that this committee be maintained as a standing committee until the Communist menace has been permanently removed; and be it further

Resolved, That this assembly view with consternation and dismay the lawless actions of the United States Supreme Court in usurping legislative functions, including the laying down of rules of conduct of legislative investigations, in contravention of the Constitution; and be it further

Resolved, That Our Lady of Fatima General Assembly call upon its Senators and its Representative to Congress from Suffolk County to block every effort to tear down our defenses against Communist subversion, by appropriate legislation, to spell out broadly

and in detail the authority and duties of the Senate and House committees engaged in the fight against subversion, and the duties and authority of the Federal Bureau of Investigation, to the end that they may be enabled to function adequately against subversion without hindrance by the Supreme Court; and be it further

Resolved, That a copy of this resolution be sent to our Representatives in Congress, and we solicit the active support of all loyal Americans in this effort to maintain our present defense against subversive activities in the face of current efforts to destroy them.

FAITHFUL NAVIGATOR.
FAITHFUL SCRIBE.

PROPOSED FEDERAL AIRPORT LEGISLATION—LETTER AND STATEMENT

Mr. SCHOEPEL. Mr. President, I am in receipt of a letter from Clarence R. Miles, manager of the legislative department of the Chamber of Commerce of the United States. The substance of Mr. Miles' letter is that the chamber meant to submit its comment on Senate bill 1 and Senate bill 674, the airport bills now under consideration in the Committee on Interstate and Foreign Commerce, but found the hearings finished before the chamber's views could be formulated.

Inasmuch as it is now too late to publish the chamber's statement as part of the hearings on the airport bills, I ask unanimous consent that Mr. Miles' letter to me and the statement transmitted therewith be printed at this point in the body of the RECORD.

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

CHAMBER OF COMMERCE
OF THE UNITED STATES,

Washington, D.C., February 2, 1959.

The Honorable ANDREW F. SCHOEPEL,
Senate Office Building,
Washington, D.C.

DEAR SENATOR SCHOEPEL: At the time the Senate Interstate and Foreign Commerce Committee was holding hearings on S. 1 by Senator MONROE and on S. 674 of which you are a cosponsor, the chamber's committees and the chamber's board of directors were reviewing all of our policies and relating them to currently proposed legislation. Under these circumstances, it was impossible for us to make a meaningful contribution to the consideration of this important legislation.

As a result of committee study and of action by our board of directors in support of the committee's recommendations, we are now in a position to urge enactment of S. 674 with certain amendments. A statement outlining our position is attached. If the record of the committee hearings has not been closed, I respectfully request that this statement be included therein.

Cordially yours,

CLARENCE R. MILES,
Manager, Legislative Department.

STATEMENT IN BEHALF OF THE CHAMBER OF COMMERCE OF THE UNITED STATES SUBMITTED BY CLARENCE R. MILES, MANAGER, LEGISLATIVE DEPARTMENT, FEBRUARY 2, 1959

The Chamber of Commerce of the United States has for a number of years favored a reasonable amount of Federal aid for the development of an adequate nationwide airport system.

In view of the fact that all of our committees and our board of directors would be in

Washington to review our legislative program, we felt we should delay any comment on S. 1 and S. 674 until the end of their deliberations.

Our Transportation and Communication Committee reviewed these legislative proposals, in light of chamber policy, on Wednesday and Thursday, January 28 and 29. They made a report to our board of directors on Saturday, January 31.

The board of directors concurred with the view of the Transportation and Communication Committee that the Federal Airport Act should be continued, in the public interest. But it also held that in continuing Federal aid, the Congress should recognize the need for arriving at a balanced budget. The need for balancing the 1960 budget at the lowest possible level of expenditures is imperative because of the huge deficit contemplated this fiscal year.

Consequently, the chamber believes that S. 674, rather than S. 1, represents a more acceptable solution of this problem.

In supporting S. 674, however, we recommend that it be amended in the following manner:

1. Limit aid to the building of a system of airports that is essential for commercial traffic in interstate commerce. In other words, Federal aid should not be available for airports used only for local flying.

2. Clearly state that funds provided should not be employed for the construction or acquisition of administration buildings more elaborate or expensive than is truly essential for interstate commerce traffic. Contrary to S. 674, therefore, we recognize that certain terminal facilities are essential to reasonably meet the needs of commercial air traffic.

3. Provide for the imposition of user charges to recoup Federal aid granted under the new act. Such revenue should come from beneficiaries such as those using the landing areas, including commercial corporation, private and military transport; the community in which the airport is located; and adjacent land owners. Such a plan, we believe, is essential if this program is to produce an adequate airport system and at the same time insure the wisest possible expenditure of public funds.

REPORTS OF COMMITTEES

The following reports of a committee were submitted:

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

S. Res. 50. Resolution authorizing the Committee on Interstate and Foreign Commerce to investigate the textile industry (Rept. No. 48);

S. Res. 65. Resolution authorizing a comprehensive study of problems of the aged (Rept. No. 47);

S. Res. 70. Resolution authorizing the Committee on Interior and Insular Affairs to investigate certain matters within its jurisdiction (Rept. No. 46); and

S. Res. 72. Resolution extending the time for filing a report by the Special Committee on Preservation of Memorabilia of the Senate (Rept. No. 45).

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

S. Res. 45. Resolution to provide additional temporary staff and funds for the Committee on Public Works (Rept. No. 44).

By Mr. HENNINGS, from the Committee on Rules and Administration, with an amendment:

S. Res. 66. Resolution authorizing a study of the National Labor Relations Act and Labor-Management Relations Act (Rept. No. 43).

ANNA B. MAYS—REPORT OF A COMMITTEE

Mr. HENNINGS, from the Committee on Rules and Administration, reported an original resolution (S. Res. 76) to pay a gratuity to Anna B. Mays, which was placed on the calendar, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Anna B. Mays, widow of Lewis C. Mays, an employee of the Office of the Architect of the Capitol at the time of his death, a sum equal to 6 months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

REPORT OF COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE ENTITLED "PROBLEMS OF THE DOMESTIC TEXTILE INDUSTRY"—(S. REPT. NO. 42)

Mr. PASTORE. Mr. President, last year the Senate approved Senate Resolution 287, which authorized the Committee on Interstate and Foreign Commerce to conduct a study of the domestic textile industry. The authority under the resolution expired last Saturday, January 31. Anticipating that event, the Committee on Interstate and Foreign Commerce submitted a resolution for an extension of the time, and for an added appropriation of \$2,500 to complete its work. This became unnecessary because the study was completed in the meantime. It was delayed somewhat because of the reorganization of the committee itself since the new session of Congress.

I ask unanimous consent at this time to submit, on behalf of the Committee on Interstate and Foreign Commerce, the report authorized under the original resolution.

The PRESIDING OFFICER. The report will be received and printed, as requested by the Senator from Rhode Island.

Mr. PASTORE. Mr. President, at this time I should like to explain the report. Since the end of World War II we have witnessed economic growth in this country of which we can all be justly proud. Although this growth has been interrupted by three postwar recessions, there has been a substantial increase in employment, production, and personal income which has meant a significant rise in the living standard of the American people as a whole. Unfortunately, not all sectors of our economy have shared in this economic growth. While other industries have been expanding, the domestic textile industry, for example, has been contracting. During the past decade 350,000 textile jobs have been lost in the United States. There are many who believe that during a period of economic growth workers displaced by the contraction of some industries will be absorbed by other industries which are expanding. We know, however, that while this is true to some extent, it is not true in all cases. As a result of the staggering loss in textile employment over the past 10 years, we have seen a

growing number of textile communities added to the list of surplus labor areas. Some textile communities have experienced a high level of unemployment throughout the entire decade.

While industrial workers in general have enjoyed the benefits of rising wages even those textile workers who have been fortunate enough to remain employed have shared only to a minor degree in our overall increases in production and productivity. Those who have lost their jobs have experienced serious hardships, and in many cases this has extended over a long period of time.

The decline of the textile industry during a period of general economic growth has been a matter of growing concern to a number of us. On April 2, 1958, the Honorable Frederick G. Payne discussed the problems of the textile industry on the floor of the Senate. Much of his speech dealt with the effects of Federal policy upon this industry. Shortly afterward, on April 14, 1958, the Honorable NORRIS COTTON introduced a resolution—S. Res. 287, to which I have referred—calling for the establishment of a subcommittee to conduct a full and complete study of all factors affecting commerce and production in the textile industry of the United States. I was asked to serve as chairman of this subcommittee of the Committee on Interstate and Foreign Commerce. Others who served with me included Senators Bible, Cotton, Payne, Purtell, and Thurmond. Of these, only Senators COTTON and THURMOND remain as members of the subcommittee today. I digress briefly to pay tribute to the members of this subcommittee.

In the course of our investigation we held hearings in Washington, in the New England States, in the South, and in New York City. My colleagues faithfully attended these hearings where we listened to the testimony of more than 200 witnesses. They have a deep and genuine concern with the problems of this industry and of the workers who have been displaced by the events of the past 10 years. With me they share the fervent hope that steps can be taken to mitigate the effects of Federal policies upon this industry, and to halt the decline of production and employment which is steadily weakening an important sector of the domestic economy.

I may say, parenthetically, that while \$25,000 was authorized for the committee under that resolution, we spent, I think, only about \$7,000 to complete the full study.

I would be remiss if I did not pay high tribute to our working staff. Especially are we indebted to the unremitting labors of Dr. William H. Miernyk, Director of the Bureau of Business and Economic Research in Northeastern University at Boston, Mass. He is a renowned author and authority in all the areas of our study. We were most fortunate to be able to enlist a man of his great ability. His cooperative spirit and high sense of responsibility has been reflected throughout our proceedings.

To the loyalty, integrity, and industry of the committee staff we owe a deep

debt of gratitude. And to the staffs of the participating Senators we extend our sincere appreciation for their unfailing helpfulness.

The end product of this study has been made possible only through the arduous toil and devotion of many persons of whom their government may well share the pride of our committee.

The findings of this long investigation cannot be detailed here. But I can summarize the highlights. While industrial production in the Nation increased 45 percent, from the base period 1947 to 1949, textile production declined 2 percent. Consequently, textile production has accounted for a dwindling share of total manufacturing output. The production of cotton textiles has dropped about 3 percent, but the production of woolen and worsted goods during this period has declined by more than 44 percent. The only segment of the textile industry to show an increase is that producing fabrics from man-made fibers, but here the increase has been much less than is popularly believed. Over the past 10 years this segment of the industry has shown a gain of less than 5 percent, and it must be remembered that this gain is measured from a relatively small base. As I have indicated, the overall cutback in textile production has resulted directly in the loss of 350,000 jobs.

But the effects of the decline in textiles do not stop here. The textile industry is an important buyer of agricultural and industrial products from the farms, forests, and mines of almost every State in the Union. Some industries—such as the textile machinery industry—sell most if not all of their output to textile mills.

As a result of the decline in textiles there has been a drop in production and employment in other industries which are suppliers to the textile industry. We can trace the effects back further and see that other industries which sell to the textile machinery industry are likewise affected by the decline in textile production. In brief, the problem of the decline in textiles is serious enough if we do not look beyond this industry itself. But if we take into account the effects upon other industries in our economy, the decline in textiles has had far more damaging consequences than is apparent on first examination.

The textile industry is essential to our national defense effort. We spend billions of dollars each year on defense. Some of these expenditures are for research designed to improve our national security. Few would disagree that it is sound public policy to spend whatever is necessary to reduce our vulnerability to attack. But is it sound policy at the same time that we are striving to strengthen our defenses, through an expanding missile program and other similar developments, to allow an industry which produces one of our basic civilian and military needs to decline to the point where our ability to defend ourselves will be jeopardized in the event of a national emergency? We believe

not. We are further convinced that to some extent the problems of the domestic textile industry stem from the ways in which various Federal Government policies are administered.

I can only list these policies briefly, but I hope that every Member of the Senate will carefully study our subcommittee report so that he may understand how these policies have contributed to the decline of textile production and employment.

Our agricultural price-support program has resulted in a two-price system for cotton. Foreign textile manufacturers can purchase American cotton at prices about 20 percent below those paid by American mills. This cotton, fabricated into cloth, can then enter our markets at prices lower than American mills can charge and cover their cost of production. In addition, the wages paid to textile workers in countries which export cloth to the United States range from one-half to one-tenth those received by American textile workers. As a part of our program of liberalizing international trade, we have made it easier for these fabrics to enter our markets. The American textile industry has tried to compensate for lower wages and lower raw material prices abroad by increasing its productivity. Although profits in this industry have been shrinking, the industry has gone through an extensive and costly modernization program over the past 10 years. Productivity in the domestic textile industry has gone up much more rapidly than the increase in productivity in the manufacturing industry in general.

But despite these efforts, American mills cannot compete in our own or in world markets with low-cost foreign mills which also have kept abreast of recent technological developments.

Thus our agricultural price support program, and our foreign trade program have both contributed to the loss of domestic textile production and employment. In addition, through our foreign aid program we have expanded textile capacity in countries which formerly purchased textile products from the United States. Partly as a result of the growth of new textile industries in other countries, the domestic textile industry has lost two-thirds of its export market.

If the trends of the past 10 years are continued, at some point we will reach the stage where the domestic textile industry cannot satisfy our basic civilian and military needs in the event of an emergency. If the domestic textile industry continues to decline, other industries which sell their products to textile mills will lose important customers. The hardship which now exists in many textile communities will spread to other communities. If these dangers are to be avoided, a positive program will be required to halt the textile decline; to stabilize production and employment; and to permit future growth as our population increases and as our national income rises. With this in mind, the

Textile Subcommittee makes the following recommendations:

First. We recommend the establishment of a permanent interagency committee within the Department of Commerce to deal exclusively with textile affairs. This committee should consist of representatives of the Departments of Agriculture, Commerce, Defense, Labor, State, and the Treasury.

It should also include representatives of the International Cooperation Administration, the Office of Civilian Defense Mobilization, and the Tariff Commission. The Chairman of the Textile Interagency Committee should be the Assistant Secretary of Commerce for Domestic Affairs. To assist the Textile Interagency Committee, we recommend that there be established an advisory committee to consist of three representatives of textile management, three representatives of textile labor, and three representatives of the public at large. In addition, we recommend that at each session of Congress there be appointed a Textile Subcommittee within the Committee on Interstate and Foreign Commerce to work closely with the Textile Interagency Committee and the advisory committee.

Second. We recommend that there be instituted within the Department of Commerce a program to improve on the collection and analysis of statistical data which will assist textile management to solve some of the problems internal to the industry.

Third. We recommend that quotas be established which will permit foreign producers of textile products to sell in our markets within limits which will not further endanger existing textile capacity. Furthermore, we recommend that the quotas be established by specific categories of textile products so that no one branch of the domestic textile industry will feel the full impact of imports from abroad.

Fourth. We recommend that agencies responsible for the administration of our foreign aid program make a careful study of the longrun consequences of further expansion of world textile capacity before additional grants be made to other countries to expand their own textile production for the international market.

Fifth. We recommend more realistic interpretation of the current peril-point provision of the Trade Agreements Act and faster action on escape-clause cases brought before the Tariff Commission.

Sixth. We recommend that some proportion of custom duties collected on textile products entering the United States be used to finance research—especially basic research designed to find new end uses for textile products, and economic research which will aid the industry in planning its future production program.

Seventh. Depreciation rates on textile machinery now in effect are obsolete. We recommend that at the earliest opportunity the Internal Revenue Service issue a revised schedule of depreciation rates, taking into account current industry practices which would permit a more rapid writeoff of new equipment for tax purposes.

Eighth. We also recommend that the Finance Committee carefully study the relevant provisions of the Internal Revenue Code, with a view toward revision to protect against abuses under the loss carry-forward and carry-back provisions which now are often used by financial speculators to liquidate textile mills which could be operated successfully.

Ninth. We recommend elimination of the two-price system on cotton. If it is not feasible to eliminate immediately the two-price system on cotton, we recommend that tariffs on imported cotton products be increased by an amount equal to the difference in cost between foreign-produced and domestically produced cotton products resulting from the two-price cotton system.

Tenth. Finally, we recommend that the Foreign Assets Control Division of the United States Treasury Department review its policy toward the importation of partly processed textile fibers from countries with which we do not now maintain normal trading relationships. This policy has been inconsistent and discriminatory. It has allowed finished products made from these fibers to enter the American market, but has prohibited domestic textile manufacturers from purchasing such partly processed fibers from Western European countries, at the cost of many domestic textile jobs.

I should like to conclude by again urging each Member of the Senate to carefully study the report of the Textile Subcommittee. The problems of this industry are serious; and unless positive action is taken to solve these problems, it will only be a matter of time before the domestic textile industry is unable to satisfy our basic civilian and military needs, and we shall have placed ourselves in serious jeopardy in the event of a national emergency.

Mr. THURMOND. Mr. President, I wish to make two brief statements:

First, let me say I was a member of the subcommittee; and I should like to take this opportunity to commend the distinguished Senator from Rhode Island [Mr. PASTORE] for the fine leadership he gave our subcommittee and for the fair, excellent, and unbiased manner in which he presided over the hearings.

Second, I should like to express the hope that the Congress will take steps to put into motion the recommendations which have been made in the report. The textile industry not only provides employment to more than 1 million persons, but also ranks in importance—second only to steel—as regards the national defense.

I sincerely hope action will be taken soon, in order that the textile industry, which is so essential to the economy of the Nation, can resume its normal operations of past years.

Mr. PASTORE. Mr. President, I wish to thank my distinguished colleague, the Senator from South Carolina, for his complimentary remarks, and to assure him and the other Members of the Senate that we had a fine subcommittee which devoted itself diligently to the task assigned to it. Without the keen-

ness of mind and the eagerness and industry displayed by the distinguished Senator from South Carolina [Mr. THURMOND], I do not believe our report would be as successful as it is. I may say that one of the refreshing things about the report is that it is unanimous.

Mr. THURMOND. Mr. President, I thank my distinguished friend for his kind remarks.

Mr. SPARKMAN. Mr. President, before the Senator from Rhode Island leaves the floor, I should like to add my word of thanks to him and to his subcommittee for the study and the work they have done in this field of operations of the textile industry.

I was glad to support the amendment which was submitted last year—I believe it was last year—by the Senator from Rhode Island, in connection with the mutual security aid bill, if I correctly recall. I thought it was a good amendment. The Senator from Rhode Island and I and quite a number of other Senators had previously, in connection with a mutual aid bill, sought to obtain protection for the textile industry. In fact, that amendment failed of adoption by only one vote, as I recall. It was the amendment which was offered by the late, beloved chairman of the Finance Committee, Senator George, of Georgia.

Last year, we certainly felt that the least we could do would be to make this study. I believe the subcommittee has done a fine job. The textile industry of the Nation is of great importance to many States—in fact, to more States than I believe most persons realize, without thinking through the matter very carefully. The industry is a very important one; and it needs the most careful consideration in respect to protection in its operations, so that the great numbers of persons who are gainfully employed in that great industry may continue to be so employed.

Mr. PASTORE. I thank the Senator from Alabama.

EXECUTIVE REPORT OF A COMMITTEE

As in executive session,
The following favorable report of a nomination was submitted:

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

Clarence Ludlow Miller, of Kentucky, to be an Assistant Secretary of Agriculture and to be a member of the Board of Directors of the Commodity Credit Corporation.

BILLS AND JOINT RESOLUTIONS INTRODUCED

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

By Mr. MUNDT (for himself and Mr. Young of North Dakota):

S. 912. A bill to amend title II of the Agricultural Act of 1956 so as to provide for the utilization of surplus agricultural products through the use in motor fuels of alcohol manufactured from agricultural products grown on farms in the United States; to the Committee on Agriculture and Forestry.

By Mr. ANDERSON:

S. 913. A bill to amend the Tariff Act of 1930 with respect to the dutiable status of wood moldings; to the Committee on Finance.

By Mr. LANGER:

S. 914. A bill to amend section 404 (b) of the Housing Act of 1950; to the Committee on Banking and Currency.

S. 915. A bill amending title II of the Social Security Act so as to permit the payment of benefits to certain illegitimate children of male individuals who are covered by the insurance system established by such title; and

S. 916. A bill amending title II of the Social Security Act so as to permit certain children with respect to whom an individual has stood in loco parentis for several years before such individual retires or dies to become entitled to child's insurance benefits on the basis of the wages and self-employment income of such individual; to the Committee on Finance.

By Mr. JACKSON:

S. 917. A bill for the relief of Mr. and Mrs. Fred A. Fletcher; to the Committee on the Judiciary.

By Mr. JACKSON (for himself and Mr. MAGNUSON):

S. 918. A bill to amend the law relating to the construction and operation of public parks and recreational facilities on lands in reservoir areas in order to permit the removal of natural resources where necessary for such purposes; to the Committee on Public Works.

By Mr. GREEN:

S. 919. A bill for the relief of Kenneth Lashley, Jr.; and

S. 920. A bill for the relief of Ralph H. Traher; to the Committee on the Judiciary.

S. 921. A bill to amend the Civil Service Retirement Act to increase to 2½ percent the multiplication factor for determining annuities for certain Federal employees engaged in hazardous duties; to the Committee on Post Office and Civil Service.

By Mr. YARBOROUGH:

S. 922. A bill authorizing El Paso County, Tex., to construct, maintain, and operate a bridge across the Rio Grande River at or near the city of El Paso, Tex.; to the Committee on Foreign Relations.

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

By Mr. JOHNSTON of South Carolina:

S. 923. A bill for the relief of Christos Psihogios; to the Committee on the Judiciary.

By Mr. SCOTT (for himself, Mr. CLARK, and Mr. CASE of New Jersey):

S. 924. A bill to amend the Communications Act of 1934 in order to establish for educational purposes a certain priority in the award of very high frequency television channels; to the Committee on Interstate and Foreign Commerce.

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

By Mr. KEATING:

S. 925. A bill to provide for the granting of a nonquota immigrant status to certain immigrants who are the brothers, sisters, sons, or daughters of citizens of the United States; to the Committee on the Judiciary.

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

By Mr. MUNDT:

S. 926. A bill to amend the Internal Revenue Code of 1954 so as to allow a deduction from gross income for certain expenses incurred by a taxpayer in providing an education for himself, his spouse, and his dependents; to the Committee on Finance.

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

By Mr. JAVITS (for himself and Mr. KEATING):

S. 927. A bill providing for the Surgeon General of the United States to establish a hospital in the State of New York especially equipped for the treatment of persons addicted to the use of habit-forming drugs; to the Committee on Labor and Public Welfare.

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

By Mr. JAVITS:

S. 928. A bill for the relief of Charles Bernstein; to the Committee on the Judiciary.

By Mr. HENNINGS (for himself, Mr. SYMINGTON, and Mr. GREEN):

S. 929. A bill to amend the Internal Revenue Code of 1954 to allow income tax deductions for certain payments to assist in providing higher education; to the Committee on Finance.

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

By Mr. HENNINGS (for himself and Mr. GREEN):

S. 930. A bill to extend educational benefits now provided for Korean conflict veterans to persons serving in the Armed Forces after January 31, 1955, and before the termination of compulsory military service under existing laws of the United States; to the Committee on Labor and Public Welfare.

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

By Mr. KERR (for himself, Mr. CASE of South Dakota, Mr. GRUENING, Mr. GORE, Mr. KEFAUVER, Mr. SPARKMAN, Mr. HILL, Mr. STENNIS, Mr. EASTLAND, and Mr. COOPER):

S. 931. A bill to amend the Tennessee Valley Authority Act of 1933, as amended, and for other purposes; to the Committee on Public Works.

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

By Mr. KERR:

S. 932. A bill to amend the Internal Revenue Code of 1954 to increase the amount of expenses paid for the medical care of individuals who have attained the age of 65 which may be deducted for income tax purposes; to the Committee on Finance.

By Mr. CAPEHART:

S. 933. A bill to increase the annual amount which certain veterans are permitted to earn without being deprived of the receipt of their pensions;

S. 934. A bill to include wholesale distributors of gasoline within the definition of "producer" for purposes of the excise tax on gasoline; and

S. 935. A bill to amend title II of the Social Security Act to reduce from 6 to 3 months the period during which disabled persons must wait before becoming entitled to disability insurance benefits under such title; to the Committee on Finance.

(See the remarks of Mr. CAPEHART when he introduced the above bills, which appear under separate headings.)

By Mr. MUNDT:

S. 936. A bill to amend title VI of the Public Health Service Act, as amended, in order to make certain nonprofit corporations and associations eligible for Federal aid under such title; to the Committee on Labor and Public Welfare.

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

By Mr. HUMPHREY (for himself, Mr. CHAVEZ, Mr. LANGER, Mr. MAGNUSON, and Mr. PASTORE):

S. 937. A bill to amend the public assistance provisions of the Social Security Act to eliminate certain inequities and restrictions and permit a more effective distribution of Federal funds; to the Committee on Finance. (See the remarks of Mr. HUMPHREY when he introduced the above bill, which appear under a separate heading.)

By Mr. GOLDWATER:

S. 938. A bill to incorporate the Navy Dads' Clubs of America; to the Committee on the Judiciary.

S. 939. A bill to authorize the establishment of the Fort Bowie National Historic Site, in the State of Arizona, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. BUSH:

S. 940. A bill for the relief of Elias Anthony Lousedes; to the Committee on the Judiciary.

By Mr. BUSH (for himself and Mr. JAVITS):

S. 941. A bill to provide that the Secretary of the Interior shall develop and carry out an emergency program for the eradication of starfish in Long Island Sound and adjacent waters; to the Committee on Interstate and Foreign Commerce.

By Mr. HENNINGS:

S.J. Res. 45. Joint resolution to establish a commission for the celebration of the 100th anniversary of the birth of Gen. John J. Pershing; to the Committee on the Judiciary. (See the remarks of Mr. HENNINGS when he introduced the above joint resolution, which appear under a separate heading.)

By Mr. CAPEHART:

S.J. Res. 46. Joint resolution to provide for the designation of the fourth Sunday of September of each year as "Senior Citizens Day"; to the Committee on the Judiciary.

RESOLUTIONS

Mr. DIRKSEN submitted the following resolution (S. Res. 74), which was considered and agreed to:

Resolved, That Mr. GOLDWATER be, and he is hereby, excused from further service as a member of the Select Committee on Small Business, that Mr. JAVITS be assigned to service on said committee to fill the vacancy, and that his name appear on the list following the name of Mr. SCHOEPEL.

Mr. JOHNSON of Texas submitted the following resolution (S. Res. 75), which was considered and agreed to:

Resolved, That the following-named Senators be, and they are hereby, appointed as the majority members of the Select Committee on Small Business, created by S. Res. 58, 81st Congress, 1st session, as amended, for the 86th Congress: JOHN SPARKMAN (chairman), RUSSELL B. LONG, HUBERT H. HUMPHREY, GEORGE A. SMATHERS, WAYNE MORSE, ALAN BIBLE, JENNINGS RANDOLPH, CLAIR ENGLE, E. L. BARTLETT, HARRISON A. WILLIAMS, JR., and FRANK E. MOSS.

Mr. HENNINGS, from the Committee on Rules and Administration, reported an original resolution (S. Res. 76) to pay a gratuity to Anna B. Mays, which was placed on the calendar.

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

AMENDMENT OF TENNESSEE VALLEY AUTHORITY ACT OF 1933

Mr. KERR. Mr. President, on behalf of myself, and Senators CASE of South

Dakota, GRUENING, GORE, KEFAUVER, SPARKMAN, HILL, STENNIS, EASTLAND, and COOPER, I introduce, for appropriate reference, a bill to amend the Tennessee Valley Authority Act of 1933, as amended, and for other purposes. I ask unanimous consent that the bill may lie on the desk for 24 hours in order that any other Senators who care to may become joint sponsors.

The PRESIDING OFFICER (Mr. DODD in the chair). The bill will be received and appropriately referred; and, without objection, the bill will lie on the desk, as requested by the Senator from Oklahoma.

The bill (S. 931) to amend the Tennessee Valley Authority Act of 1933, as amended, and for other purposes, introduced by Mr. KERR (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Public Works.

RIO GRANDE RIVER BRIDGE AT OR NEAR EL PASO, TEX.

Mr. YARBOROUGH. Mr. President, I introduce for appropriate reference a bill authorizing El Paso County, Tex., to construct, maintain, and operate a bridge across the Rio Grande River at or near the city of El Paso, Tex.

The purpose of the bill is to permit the construction of adequate bridge facilities connecting the progressive, growing cities of El Paso, Tex., and Juarez, Mexico. The people to be served comprise the greatest population living along a bilingual international border city in the Northern Hemisphere, there being a total of approximately half a million people in the two cities with only two bridges to serve them.

The bridge that is being planned by the farsighted public officials and community leaders in Texas and Mexico would do more than to break up an ordinary traffic jam. It would contribute greatly to the interchange of culture and ideas as well as jobs and services between friends on both sides of the border. Building this bridge would help to build a better good neighbor policy, not only in El Paso but throughout a great area in the Southwest.

Under the bill, the selection of the site for the proposed bridge would be left up to local officials. Local officials plan to finance this work at no expense to the Federal Government. The construction and operation of the bridge would be subject to the approval of the International Boundary and Water Commission of the United States and Mexico, and to the approval of proper authorities in Mexico.

Mr. President, I commend this bill to the attention of the Senate.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 922) authorizing El Paso County, Tex., to construct, maintain, and operate a bridge across the Rio Grande River at or near the city of El Paso, Tex., introduced by Mr. YARBOROUGH, was received, read twice by its title, and referred to the Committee on Foreign Relations.

AMENDMENT OF COMMUNICATIONS ACT OF 1934, RELATING TO PRIORITY IN AWARD OF VERY HIGH FREQUENCY TELEVISION CHANNELS

Mr. SCOTT. Mr. President, over the past week the Interstate and Foreign Commerce Committee, of which I am a Member, has heard testimony on legislation to stimulate and encourage the use of television for educational purposes.

One of the principal deterrents to the development of TV stations for educational use is that UHF channels, which have been assigned for that purpose throughout the country, cannot be economically maintained. This is due to insufficient TV sets in circulation capable of UHF reception.

At the same time, only a few VHF channels have been assigned for educational use—but where this has been possible, educational TV has made progress.

In the area south of New York, comprising New Jersey, eastern Pennsylvania, Delaware, and a portion of Maryland, no VHF channel has been assigned for educational TV. Even one VHF channel to cover this area would be highly beneficial. If the Federal Communications Commission can resurvey its allocations and arrive at some solution, whereby more VHF channels can be "dropped" in, the result would serve a wide public interest.

No VHF channel is presently assigned covering the area comprising much of New Jersey, eastern Pennsylvania, Delaware, and a part of Maryland.

Mr. President, on behalf of myself and Senators CLARK and CASE of New Jersey, I introduce for appropriate reference a bill which would give priority consideration, in the reassignment of a channel operating at very high frequency (VHF) relinquished by the commercial licensee, to an applicant proposing to operate such a station for noncommercial educational purposes.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 924) to amend the Communications Act of 1934 in order to establish for educational purposes a certain priority in the award of very high frequency television channels, introduced by Mr. SCOTT (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Interstate and Foreign Commerce.

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

Mr. SCOTT. I am glad to yield.

Mr. FREAR. To what channel is the Senator referring in his bill?

Mr. SCOTT. There is a channel which would be affected in this bill, and that is channel 12, the VHF channel operating out of Wilmington, Del.

Mr. FREAR. I want to inform the Senator from Pennsylvania that, of course, I cannot agree with his bill, because I think the Delaware Senators are going to maintain that channel belongs to Delaware. We would be very happy to have one of the channels operating out of Philadelphia designated as an education channel.

Mr. SCOTT. I am sure this channel is one which we would like to see utilized for educational purposes, if possible, and which would be for the benefit of people in parts of New Jersey, eastern Pennsylvania, parts of Maryland, and Delaware. We hope we can get a VHF channel for educational purposes, since VHF cannot be received except by sets capable of being used for that purpose in school-rooms.

Mr. FREAR. I am sure the Senator will get cooperation from the Senators from Delaware regarding a station which is appropriate to be used for education, so long as a channel is left for Delaware.

AMENDMENT OF INTERNAL REVENUE CODE, RELATING TO A DEDUCTION FROM GROSS INCOME FOR CERTAIN EDUCATIONAL EXPENSES

Mr. MUNDT. Mr. President, I introduce, for appropriate reference, a bill designed to grant a special tax deduction for certain expenses of higher education incurred by a taxpayer, his spouse, or his dependents as described in the Internal Revenue Code.

This bill would allow deductions equal to 50 percent of the costs of tuition, fees, and materials required in the course of study. This deduction, as included in the bill, would be treated in the same manner as a legitimate business expense, and would, therefore, be deducted at the time that the taxpayer is computing his adjusted gross income.

Mr. President, the sharply rising costs of higher education are placing a severe financial burden on many American taxpayers, who are conscientiously attending to the educational needs of their children, and I earnestly feel tax relief such as that proposed in this bill is urgently needed to lessen this economic burden. The provisions of the bill will also serve to offer a greater incentive to the many fine young men and women in the United States, who are working and financing the costs of their own college education.

I sincerely hope that the proper legislative committees of Congress will give early and sympathetic consideration to legislation of this type.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 926) to amend the Internal Revenue Code of 1954 so as to allow a deduction from gross income for certain expenses incurred by a taxpayer in providing an education for himself, his spouse, and his dependents, introduced by Mr. MUNDT, was received, read twice by its title, and referred to the Committee on Finance.

FEDERAL NARCOTICS HOSPITAL IN NEW YORK STATE

Mr. JAVITS. Mr. President, on behalf of myself, and my colleague, the junior Senator from New York [Mr. KEATING], I introduce, for appropriate reference, a bill to amend the Public Health Service Act to require the estab-

lishment of a Federal narcotics hospital in New York State. Representatives VICTOR ANFUSO, Democrat, of New York, and SEYMOUR HALPERN, Republican of New York, are introducing identical legislation in the House.

The measure stipulates that the U.S. Surgeon General may arrange with the State, its political subdivisions, and neighboring States for a jointly operated hospital in New York especially equipped to treat drug addicts. In addition, it provides that "outpatient units" are to be set up to treat persons who are addicted and give followup care after hospitalization. These units could also be financed jointly in cooperation with State and local governments.

The Federal Narcotics Bureau reveals that about 45 percent, or some 21,000, of the Nation's known narcotic addicts live in the New York metropolitan area, including parts of New Jersey and Connecticut. Medical and police authorities report that 2,707 of these users are juveniles under the age of 21. Yet, according to the State Bureau of Narcotics Control, there are no hospital beds for adult drug addicts who voluntarily seek treatment anywhere in New York, and only 200 beds for juvenile addicts. The nearest narcotics hospital is the Federal establishment at Lexington, Ky., 600 miles away from New York City.

These statistics reveal a critical situation which confronts most drug addicts in Northern and Eastern States. Their best chance of getting even a modicum of medical attention enabling them to "shake" the drug habit temporarily rests in admission to a prison hospital ward. And that is where the average addict receives it, at least in New York, to an increasing degree. Twenty percent of all prisoners in New York State jails were drug users at the time of their arrest; and last year, of the 4,772 new admissions, the users totaled 1,068, or nearly 23 percent. Police departments in several major cities like New York and Chicago estimate that as many as one-half of the crimes committed in their jurisdiction are due to drug addiction. If this correlation is correct, then conceivably 54,000 of New York City's rising rate of 108,358 recorded crimes in 1958 would be attributable to this problem. It is estimated that illicit trade in narcotics and crimes committed by addicts to finance their habit drain the U.S. economy of between \$300 million and \$400 million annually.

In recent years, tougher laws and stricter enforcement have led to the arrest and imprisonment of some of the biggest dope smugglers and pushers. However, it is evident that even by calling out the entire Army, Navy, and Air Force we shall not eliminate entirely the illegal importation and sale of habit-forming drugs. With rising crime rates staring us in the face, we must root out a major cause of criminal activity, drug addiction. That means, according to medical experts, providing special hospital facilities—not more jail cells or prison beds—where users of illegal drugs can voluntarily go for help. If a substantial number of addicts are to be cured of the habit for good and more widespread addiction leading to more

crimes is to be prevented, then these special facilities must be readily accessible for the medical and psychological treatment and rehabilitation deemed absolutely essential by health authorities.

The bill introduced today represents a continuation of the major effort undertaken last session by myself, Senator Ives, Congressman ANFUSO, and others, through legislation and conferences with Federal, State, and city officials to open a narcotics hospital in New York. At that time, Ellis Island was considered as a site, but it was decided the cost of converting and maintaining the plant for that purpose would be prohibitive. However, we were assured by the Federal Commissioner of Narcotics, Harry Anslinger, that a narcotics hospital established in New York City "would decrease rather than increase the problem of Federal narcotics enforcement." "We are not worried about the smuggling of narcotics into the institution," Commissioner Anslinger reported.

The existence of a narcotics hospital and the setting up of "outpatient units" which will provide medical treatment, guidance, and psychological help for former addicts who have been released will be fully utilized in New York even if the legislature does not enact a compulsory commitment law. Right now, the Public Health Service reports that the typical patient at the Federal hospital in Lexington, which has a 1,000-bed capacity, is a male from the Northeast, probably New York, who has left his family to travel hundreds of miles to Kentucky in the desperate hope of being cured. Nevertheless, the average patient there undergoes three to four cures. Authorities cannot force him to remain the 3 or 4 months generally required; but, regardless, once he is back home, exposed to family tensions and the pressures and temptations of his old environment, divorced from medical or psychological treatment, he usually resumes his drug habit shortly thereafter. Constant repeaters are the rule, not the exception.

Although the bill declares the establishment of this narcotics hospital to be mandatory in New York, ample recognition is given the responsibility of New York, its political subdivisions and adjoining States whose addicts might make use of it, to share in the financial costs involved; therefore, the Surgeon General is authorized to enter into joint agreements with them concerning the operation of both the hospital and the outpatient units.

Shifting our main emphasis to an all-out medical attack on widespread drug addiction, backed up with laws requiring compulsory hospitalization of drug addicts, will prove a much less expensive and more effective approach to a practical and humane solution to a problem which nationwide directly involves 45,000 reported addicts in the United States and their families.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 927) providing for the Surgeon General of the United States to establish a hospital in the State of New

York especially equipped for the treatment of persons addicted to the use of habit-forming drugs, introduced by Mr. JAVITS (for himself and Mr. KEATING), was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

AMENDMENT OF INTERNAL REVENUE CODE OF 1954, RELATING TO INCOME TAX DEDUCTIONS FOR HIGHER EDUCATION

Mr. HENNINGS. Mr. President, to further promote and encourage higher education in this Nation, I believe it wise and just to allow a tax deduction benefit to those who make an effort and sacrifice to send their dependent children to institutions of higher learning, and to allow a tax benefit to our students who are making the effort to earn a higher education for themselves. This is Federal aid without Federal interference.

Therefore, on behalf of myself, the junior Senator from Missouri [Mr. SYMINGTON] and the Senator from Rhode Island [Mr. GREEN], I introduce for appropriate reference a bill to amend the Internal Revenue Code so that certain payments which must be made to provide higher education can be computed as a tax deduction. Amounts paid out for tuition and fees, for books, for room and board will be deductible. I also propose that certain deductions be allowed for money that is donated for scholarships.

Similar benefits have been proposed in a bill, H.R. 1264, which Representative W. R. HULL, JR., introduced in the House. I urge consideration of these tax benefit proposals.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 929) to amend the Internal Revenue Code of 1954 to allow income tax deductions for certain payments to assist in providing higher education, introduced by Mr. HENNINGS (for himself, Mr. SYMINGTON, and Mr. GREEN), was received, read twice by its title, and referred to the Committee on Finance.

RENEWAL OF GI EDUCATION AND TRAINING PROGRAM

Mr. HENNINGS. Mr. President, this Nation denies to its young men and women who have entered the armed services since January 1955 many worthwhile veteran programs which would benefit them and the Nation. This is, in my opinion, both shortsighted and unjust.

For the first time in the Nation's history, young Americans have been drafted into military service in times of relative peace. They are required to give up from 6 months to 2 years of their private lives for the defense of the Nation. Some minimize this sacrifice by saying we are not now at war. But neither are we now at peace. The members of the armed services constantly are exposed to risk, either potential or actual. The Marines in Lebanon, the Army in Berlin, and the Navy in the Formosa Straits all have been exposed to genuine risk.

Nevertheless, when these young people return to civilian life, they are no longer eligible for mustering out pay; for GI disability not traceable to service; for VA medical care except for service-connected disabilities; for pensions for total disability not traceable to service; for preference in job-finding assistance; or for GI bill education and training. I do not propose that all of these benefits which accrue to other veterans be restored at this time. But I strongly believe that the least we can do as long as we continue to draft our young people is to give them the benefits of GI bill education and training when they have completed their service.

Therefore, on behalf of myself and the Senator from Rhode Island [Mr. GREEN], I introduce for appropriate reference a bill to renew the GI education and training program for as long as the draft exists. The extent of the benefits will depend on the length of time on active duty.

Mr. President, we often hear the call for foresighted programs to strengthen the Nation. This legislation is such a program. We know from past experience that the Nation is well rewarded in tax receipts alone from the higher incomes which veterans earn when they have benefited from GI bill education and training. Looking to the future, we can be sure even now that the Nation will more than recover in taxes the expenses of renewing this program. In addition, of course, a well-educated and trained citizenry is invaluable.

In justice to the young men and women who are required to interrupt their private lives and to be exposed to risk for the defense of the Nation, I urge the renewal of this minimal program.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 930) to extend educational benefits now provided for Korean conflict veterans to persons serving in the Armed Forces after January 31, 1955, and before the termination of compulsory military service under existing laws of the United States, introduced by Mr. HENNING (for himself and Mr. GREEN), was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

INCREASED AMOUNT OF EARNINGS BY CERTAIN VETERANS WITHOUT LOSS OF PENSION

Mr. CAPEHART. Mr. President, I introduce, for appropriate reference, a bill which increases the maximum annual earnings limit permitted under title 38 of the United States Code, otherwise known as the veterans compensation and pensions laws. In effect, this bill doubles the amount of money a disabled veteran is permitted to earn in gainful employment without the forfeiture or loss of his pension rights.

By reason of the general wage and living cost spiral, the maximum annual earnings limits have become antiquated and unrealistic and in all fairness and equity should be subjected to remedial legislation.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 933) to increase the annual amount which certain veterans are permitted to earn without being deprived of the receipt of their pensions, introduced by Mr. CAPEHART, was received, read twice by its title, and referred to the Committee on Finance.

INCLUSION OF WHOLESALE DISTRIBUTORS OF GASOLINE WITHIN DEFINITION OF "PRODUCER," FOR EXCISE TAX PURPOSES

Mr. CAPEHART. Mr. President, I introduce, for appropriate reference, a bill which will amend sections 4081(a) and 4082 of the Internal Revenue Code of 1954, relating to the definitions of purposes of the gasoline tax, which in effect will shift the direct imposition of such tax from the producer or blender of the gasoline to the level of the wholesaler.

In many cases, small gasoline producers and blenders are required under the present provisions of the code to assume and pay the gasoline tax at the time of initial sale to the wholesaler, the tax being computed upon the basis of original gallonage.

However, between the producer and wholesaler there is by reason of the volatile nature of the product a certain amount of evaporation in addition to normal spillage, and so forth.

The circumstances of the trade are in certain particulars similar to existing conditions in the brewing industry which were discussed at length on the floor of the Senate last year. It has been argued with at least some degree of merit that the imposition of a tax upon any perishable commodity in its original form and volume, which tax is then passed on to a wholesaler, retailer or consumer, who in effect receives something less than the original form or volume of such commodity, is an unfair and inequitable tax, the imposition of which would amount to an invasion or deprivation under the due process clause of the 14th amendment.

It is apparent that a producer who also had retail outlets would not be required under the code to compute and pay the tax until the time of "sale," i.e., the time of transfer from the retailer to the consumer; and accordingly would be afforded a competitive advantage over a producer or blender who had no retail outlets, but was required to compute and pay the tax at the time of "sale" to a wholesaler or jobber.

In fairness and justice I ask the Senate to correct this inequitable condition.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 934) to include wholesale distributors of gasoline within the definition of "producer" for purposes of the excise tax on gasoline, introduced by Mr. CAPEHART, was received, read twice by its title, and referred to the Committee on Finance.

AMENDMENT OF SOCIAL SECURITY ACT, RELATING TO REDUCTION OF TIME OF WAITING TO RECEIVE DISABILITY INSURANCE BENEFITS

Mr. CAPEHART. Mr. President, I introduce, for appropriate reference, a bill which would amend title II of the Social Security Act to reduce from 6 to 3 months the period during which disabled persons must wait before becoming entitled to disability insurance benefits under such title.

I am reliably informed that as much as 8 to 10 months are often consumed between application for benefits and actual receipt of payments, all of which subjects an applicant in most cases to extreme hardships.

It is my understanding that the intention of Congress under the present law was to require a reasonable waiting period in order to satisfactorily determine the applicant's permanency of status. In practice, however, it has been adequately shown that the inequitable and unfair aspects of this so-called waiting period can be partially obviated without any unreasonable sacrifice or loss and in the best interests of the Government. Accordingly this bill would reduce to one-half the minimum time now required before consideration and adjudication of such claims.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 935) to amend title II of the Social Security Act to reduce from 6 to 3 months the period during which disabled persons must wait before becoming entitled to disability insurance benefits under such title, introduced by Mr. CAPEHART, was received, read twice by its title, and referred to the Committee on Finance.

AVAILABILITY OF FEDERAL FUNDS TO CERTAIN ORGANIZATIONS

Mr. MUNDT. Mr. President, I introduce, for appropriate reference, a bill to expand the coverage of the Hill-Burton Act so as to make Federal funds available to mental health centers and clinics which are operated on a nonprofit basis and receive funds from a State or a political subdivision of a State.

I introduced this bill in both the 84th and 85th Congresses; but, due to overriding social circumstances, committee consideration of this measure was deferred. It is my hope that the atmosphere has now cleared, and that during the 86th Congress a thorough study will be made of this proposal.

All of us are aware of the significant strides which over the past decade have been made by the medical sciences with reference to mental health. However, it does little good merely to obtain greater knowledge and understanding of the varying mental health problems, if we do not have adequate clinical facilities to properly treat mental illness. In my home State of South Dakota, several forward-looking communities have been striving ardently to establish effective mental-health programs, but they are constantly confronted with the problem

of insufficient funds to erect adequate physical facilities to properly care for the mental-health problems in their locale. An extension of the Hill-Burton provisions seems to me the best way to make Federal funds available for these worthy projects. I hope the committee will give early attention to this proposal.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 936) to amend title VI of the Public Health Service Act, as amended, in order to make certain non-profit corporations and associations eligible for Federal aid under such title, introduced by Mr. MUNDT, was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

AMENDMENT OF PUBLIC ASSISTANCE PROVISIONS OF SOCIAL SECURITY ACT

Mr. HUMPHREY. Mr. President, on behalf of myself and Senators PASTORE, MAGNUSON, LANGER, and CHAVEZ, I introduce, for appropriate reference, a bill to amend the public assistance provisions of the Social Security Act to eliminate certain inequities and restrictions and permit a more effective distribution of Federal funds.

The purpose of this measure is well summarized in the statement of policy, which reads as follows:

It is the purpose of this act to provide more effectively for the protection, care, and assistance of the people of the United States who are in need thereof, and to promote the welfare and happiness of the people of the United States by providing public assistance to its needy and distressed. * * *

In my judgment, the true test of the good society is not measured in terms of economic output or gross national product, but rather in how it treats its aged, its poor, and its distressed citizens.

In our preoccupation with material possessions, new and ever brighter gadgets, and longer and more powerful motorcars, we too often simply close our eyes to the less fortunate members of our society who are dependent upon public assistance in order to live.

We have a great moral obligation to the needy aged, the blind, the physically handicapped, and the dependent children. In a society as rich as ours there is no justification for such people being denied their human dignity. Yet, the fact of the matter is that in all too many States, our public assistance programs are being administered in such a manner as to strip from these recipients their right as an American citizen to be treated with respect and dignity.

Two years ago the gentleman from California, Representative JAMES ROOSEVELT, and I had drafted a bill designed to humanize our public assistance program. This bill (S. 1793), entitled the "Humanitarian and Old-Age Rights Act," was offered in the Senate by myself and other colleagues, and in the House of Representatives by the gentleman from California, Representative ROOSEVELT, as H.R. 6611.

The letters which I received in support of this bill from all parts of the country

were most heart rending. They were not written on expensive stationery with fancy letterheads. They were on common ordinary paper, in all varieties of handwriting, and obviously written from the heart. These letters, Mr. President, confirmed my belief that legislation is in order to establish higher and more uniform standards of public assistance.

The bill which I introduce today is identical to the above-mentioned bill I offered in the 85th Congress. A companion bill (H.R. 423) has been introduced in the House by Representative ROOSEVELT.

Briefly, I would like to outline provisions of the bill.

First, it would make the age requirement for old-age assistance recipients the same as that established for old-age beneficiaries under title II of the Social Security Act.

The need for this is obvious when we consider the low minimum benefits now paid under the OASI program. Many beneficiaries who fall into the low category cannot, naturally, live on a benefit payment of \$50 or \$60 per month, and must therefore apply for public assistance to supplement this inadequate income.

Therefore, when we lowered the age for women OASI beneficiaries to 62 as we did in 1956, and did not make a corresponding change in the public assistance program, many people were bound to be caught in the squeeze and our original purpose defeated to a large extent.

Secondly, we would allow the aged and handicapped on public assistance to earn up to \$50 per month; the parents of needy children up to \$30 per month; and the needy children, themselves, up to \$30 per month to supplement their assistance checks. The blind are already permitted to earn \$50 without penalty of reduction in aid.

This privilege was extended to the aged by this body in 1956, but, unfortunately, it was knocked out of the social security amendments by the conference committee.

Our bill would allow recipients to own a home of an assessed value, less all encumbrances, up to \$5,000 free from the imposition of a lien. To me, the practice of forcing an old person to sign over the little home that he has spent most of his life acquiring, as a condition of receiving aid in time of need, is abominable.

We would exempt household furnishings and other personal effects plus an insurance policy or burial arrangement up to \$500 in value, when considering need, and we would also establish a floor of \$1,200 under the amount of personal property which a single recipient is allowed to have.

Mr. President, I see no earthly reason why we should require people to be absolute paupers before we consider them in need of help to obtain the day-to-day necessities of life. To force them to use up every last resource before they are given aid is to strip them of any feeling of security should they become ill, or should their checks be held up in the skein of red tape or for other reasons. If they have been thrifty enough

to purchase a burial policy so that their last remains can be covered with a semblance of dignity, are we to force them to cash this in, thereby finally sentencing them to potter's field?

Mr. President, is it right to grind them right down into the dust of absolute poverty before they can expect any help?

Mr. President, we would further prohibit the practice of some States whereby the public-assistance laws are used to enforce the general-support laws of the State. This is the so-called responsible relatives law where children of pensioners are subjected to continual harassment by State and county administrators even though they are in no way financially capable of supporting their aged parents.

While I firmly subscribe to the theory that it is the moral responsibility of children to care for their parents if they can reasonably afford to do so, I feel that this should be a matter for State support laws, and not be used merely as a harassment in the public-assistance program.

To show the hardship this so often works on our oldsters, in some States the mere existence of a relative deemed capable of supporting the old person is reason enough—according to State law—for denying that old person aid. Whether or not the relative is actually supporting the needy person is not taken into consideration. The fact that the relative exists is enough.

As another consideration, Mr. President, our bill provides that the program is to be administered by each State so as to insure uniform treatment of the needy in all its political subdivisions.

We would further reinstate the original policy adopted by Congress that the names of recipients be held confidential. That is, we would outlaw the "shame list," which is used by all too many States to ridicule recipients of aid. This law reminds me of the old practice of putting town drunks or wife beaters in stocks in the public square to shame them in front of fellow townsmen. We hardly think that such a theory has any place in the 20th century.

We come now to the question of the residence requirement imposed by a majority of our States. The Public Assistance Act says that a State shall not impose a residence requirement exceeding 5 years out of the 9 years preceding application. And many States impose this maximum.

Even on the surface, this whole idea of a residence requirement seems ridiculous and even downright un-American to me. Though I come from the great State of Minnesota, I am also an American citizen. I am not restricted to living in Minnesota. When I come to Washington, it is not necessary that I take out a visa to remain or that I obtain a passport to travel to California if I choose to do so. I am just as much an American citizen in California or Nebraska as I am in Minnesota.

To partially alleviate this problem, our bill reduces the State-imposed residence requirements now allowed by the Federal Government from 5 years to 1 year, and

provides that should an otherwise qualified person not meet State residence requirements, the Federal Government will pay its share direct to the person until they have met the State residence requirement.

Finally, Mr. President, this bill provides that no person receiving such public aid shall be deemed a pauper and no warrant drawn in payment shall contain any reference to indigency or pauperism, and that the value of any United States surplus food made available will not be deducted from the recipient's aid.

Mr. President, I ask unanimous consent that the text of the bill I am sending to the desk be printed at this point in the RECORD.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 937) to amend the public assistance provisions of the Social Security Act to eliminate certain inequities and restrictions and permit a more effective distribution of Federal funds, introduced by Mr. HUMPHREY (for himself and other Senators), was received, read twice by its title, referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Humanitarian and Old-Age Rights Act".

STATEMENT OF PURPOSE AND POLICY

SEC. 2. It is the purpose of this Act to provide more effectively for the protection, care, and assistance of the people of the United States who are in need thereof, and to promote the welfare and happiness of the people of the United States by providing public assistance to its needy and distressed. It is the policy of the Congress that assistance under titles I, IV, X, and XIV of the Social Security Act, as amended by this Act, shall be administered promptly and humanely, with due regard for the preservation of family life and without discrimination on account of race, religion, or political affiliation, and that such assistance shall be so administered as to encourage self-respect, self-reliance, and the desire to be a good citizen, useful to society. Titles I, IV, X, and XIV of the Social Security Act shall be liberally construed in order to carry out this purpose and policy.

OLD-AGE ASSISTANCE

SEC. 3. (a) (1) (A) Section 2(a)(1) of the Social Security Act is amended to read as follows: "(1) provide that it shall be in effect in all political subdivisions of the State;"

(B) Section 2(a)(3) of such Act is amended to read as follows: "(3) provide for the establishment or designation of a single State agency to administer the plan;"

(2) Section 2(a)(7) of such Act is amended to read as follows: "(7) provide that the State agency shall, in determining need, take into consideration any other income and resources of an individual claiming old-age assistance; except that, in making such determination, the State agency shall disregard (A) the first \$50 per month of earned income, (B) the ownership by such individual (alone or with his or her spouse) of a home having an assessed value, less all encumbrances of record thereon, of less than \$5,000 (except to the extent that he is receiving rental income therefrom), (C) the ability of such individual's family and relatives to provide for his support, (D) any donations of surplus food which may have been made to such individual from

stocks of the Commodity Credit Corporation, and (E) the first \$1,200 in value (over and above all encumbrances of record) of personal property owned by such individual;"

(3) Section 2(a) of such Act is further amended by striking out the final period and inserting in lieu thereof a semicolon and the following: "and (12) provide that there will be no discrimination based on sex in determining the needs of individuals receiving assistance under the plan."

(4) Section 2(a) of such Act is further amended by adding after clause (12) the following new sentence: "For purposes of clause (7) (E), no life insurance policy shall be valued at more than its present surrender value to the individual, and the term 'personal property' shall not include (i) the individual's clothing, furniture, household equipment, foodstuffs, fuel, personal jewelry, or other personal effects, or (ii) interment plots, money placed in trust or insurance for funeral, interment, or similar expenses, or any contract rights connected therewith, if such money, insurance, or contract rights do not exceed \$500 in value."

(5) Section 2(b)(1) of such Act is amended to read as follows:

"(1) An age requirement at any given time of more than the age which at such time constitutes retirement age for purposes of title II of this Act; or"

(6) Section 2(b)(2) of such Act is amended to read as follows:

"(2) Any residence requirement which excludes any resident of the State who has resided therein continuously for one year immediately preceding the application; or"

(b) The second sentence of section 1 of such Act is amended by inserting before the period at the end thereof a semicolon and the following: "but no payment shall be made under this title to any State which has not also submitted, and had approved by the Secretary, State plans for assistance under titles IV, X, and XIV"

(c) Section 4 of such Act is amended by striking out "or" at the end of paragraph (1), by adding "or" at the end of paragraph (2), and by inserting after paragraph (2) the following new paragraph:

"(3) that in the administration of the plan there is imposed, as a condition of old-age assistance to any individual, a requirement that such individual subject his home to a lien of any kind or transfer to the State agency any interest in his home;"

(d) Title I of such act is amended by adding at the end thereof the following new sections:

"Direct Payments to Individuals Not Satisfying Residence Requirements

"SEC. 7. If an individual, after making application for old-age assistance, is denied such assistance by the State agency solely because he does not satisfy the residence requirements imposed under the State plan, and if such individual is not entitled to old-age assistance by reason of prior residence in another State, the State agency shall promptly notify the Secretary of the fact that such individual has made such application and would be eligible for old-age assistance if he satisfied such requirements. The Secretary shall thereupon pay directly to such individual for each month, beginning with the first month (after the month of such individual's application) in which such individual would have been eligible for old-age assistance if he satisfied such residence requirements and ending with the month preceding the first month in which he satisfies such requirements, an amount (as determined under regulations prescribed by the Secretary) equal to the Federal Government's proportionate share of the old-age assistance which such individual would receive for such month if he then satisfied such requirements.

"Assistance for Needs of Recipient Only

"SEC. 8. Assistance paid to any individual under this title is to assist him in meeting his individual needs and is not for the benefit of any other person; and such assistance shall not be regarded as income of any person other than such individual."

AID TO DEPENDENT CHILDREN

SEC. 4. (a) (1) (A) Section 402(a)(1) of the Social Security Act is amended to read as follows: "(1) provide that it shall be in effect in all political subdivisions of the State;"

(B) Section 402(a)(3) of such Act is amended to read as follows: "(3) provide for the establishment or designation of a single State agency to administer the plan;"

(2) Section 402(a)(7) of such Act is amended to read as follows: "(7) provide that the State agency shall, in determining need, take into consideration any other income and resources of any child claiming aid to dependent children; except that in making such determination the State agency shall disregard (A) the first \$15 per month of income earned by such child and the first \$30 per month of income earned by his parent or guardian, (B) the ownership by such child (or by his parent or guardian) of a home having an assessed value, less all encumbrances of record thereon, of less than \$5,000 (except to the extent that he is receiving rental income therefrom), and (C) any donations of surplus food which may have been made to or for such child from stocks of the Commodity Credit Corporation;"

(3) Section 402(a) of such Act is further amended by striking out the final period and inserting in lieu thereof a semicolon and the word "and", and by adding at the end of the subsection the following new clause: "(13) provide that there will be no discrimination based on sex in determining the needs of individuals receiving assistance under the plan."

(b) The second sentence of section 401 of such Act is amended by inserting before the period at the end thereof a semicolon and the following: "but no payment shall be made under this title to any State which has not also submitted, and had approved by the Secretary, State plans for assistance under titles I, X, and XIV"

(c) Section 404 of such Act is amended by striking out "or" at the end of paragraph (1), by adding "or" at the end of paragraph (2), and by inserting after paragraph (2) the following new paragraph:

"(3) that in the administration of the plan there is imposed, as a condition of aid to any dependent child, a requirement that such child (or his parent or guardian) subject to his (or their) home to a lien of any kind or transfer to the State agency any interest in such home;"

(d) Title IV of such Act is amended by adding at the end thereof the following new section:

"Direct Payments to Dependent Children Not Satisfying Residence Requirements

"SEC. 407. If a dependent child, after making application for aid to dependent children, is denied such aid by the State agency solely because he does not satisfy the residence requirements imposed under the State plan, and if such child is not entitled to aid to dependent children by reason of prior residence in another State, the State agency shall promptly notify the Secretary of the fact that such child has made such application and would be eligible for such aid if he satisfied such requirements. The Secretary shall thereupon pay directly to such child for each month, beginning with the first month (after the month of such child's application) in which such child would have been eligible for aid to dependent children if he satisfied such residence requirements and ending with the month preceding the first

month in which he satisfies such requirements, an amount (as determined under regulations prescribed by the Secretary) equal to the Federal Government's proportionate share of the aid to dependent children which such child would receive for such month if he then satisfied such requirements."

AID TO THE BLIND

Sec. 5. (a) (1) (A) Section 1002(a) (1) of the Social Security Act is amended to read as follows: "(1) provide that it shall be in effect in all political subdivisions of the State;"

(B) Section 1002(a) (3) of such Act is amended to read as follows: "(3) provide for the establishment or designation of a single State agency to administer the plan;"

(2) Section 1002(a) (8) of such Act is amended to read as follows: "(8) provide that the State agency shall, in determining need, take into consideration any other income and resources of an individual claiming aid to the blind; except that, in making such determination, the State agency shall disregard (A) the first \$50 per month of earned income, (B) the ownership by such individual (alone or with his or her spouse) of a home having an assessed value, less all encumbrances of record thereon, of less than \$5,000 (except to the extent that he is receiving rental income therefrom), (C) the ability of such individual's family and relatives to provide for his support, (D) any donations of surplus food which may have been made to such individual from stocks of the Commodity Credit Corporation, and (E) the first \$1,200 in value (over and above all encumbrances of record) of personal property owned by such individual;"

(3) Section 1002 (a) of such Act is further amended by striking out the final period and inserting in lieu thereof a semicolon and the following: "and (14) provide that there will be no discrimination based on sex in determining the needs of individuals receiving assistance under the plan."

(4) Section 1002 (a) of such Act is further amended by adding after clause (14) the following new sentence: "For purposes of clause (8) (E), no life insurance policy shall be valued at more than its present surrender value to the individual, and the term 'personal property' shall not include (i) the individual's clothing, furniture, household equipment, foodstuffs, fuel, personal jewelry, or other personal effects, or (ii) interment plots, money placed in trust or insurance for funeral, interment, or similar expenses, or any contract rights connected therewith, if such money, insurance, or contract rights do not exceed \$500 in value."

(5) Section 1002 (b) (1) of such Act is amended to read as follows:

"(1) Any residence requirement which excludes any resident of the State who has resided therein continuously for one year immediately preceding the application; or".

(b) The second sentence of section 1001 of such Act is amended by inserting before the period at the end thereof a semicolon and the following: "but no payment shall be made under this title to any State which has not also submitted, and had approved by the Secretary, State plans for assistance under titles I, IV, and XIV".

(c) Section 1004 of such Act is amended by striking out "or" at the end of paragraph (1), by adding "or" at the end of paragraph (2), and by inserting after paragraph (2) the following new paragraph:

"(3) that in the administration of the plan there is imposed, as a condition of aid to any individual, a requirement that such individual subject his home to a lien of any kind or transfer to the State agency any interest in his home;"

(d) Title X of such Act is amended by adding at the end thereof the following new sections:

"Direct Payments to Individuals Not Satisfying Residence Requirements

"Sec. 1007. If an individual, after making application for aid to the blind, is denied such aid by the State agency solely because he does not satisfy the residence requirements imposed under the State plan, and if such individual is not entitled to aid to the blind by reason of prior residence in another State, the State agency shall promptly notify the Secretary of the fact that such individual has made such application and would be eligible for such aid if he satisfied such requirements. The Secretary shall thereupon pay directly to such individual for each month, beginning with the first month (after the month of such individual's application) in which such individual would have been eligible for aid to the blind if he satisfied such residence requirements and ending with the month preceding the first month in which he satisfies such requirements, an amount (as determined under regulations prescribed by the Secretary) equal to the Federal Government's proportionate share of the aid to the blind which such individual would receive for such month if he then satisfied such requirements.

"Assistance for Needs of Recipient Only

"Sec. 1008. Assistance paid to any individual under this title is to assist him in meeting his individual needs and is not for the benefit of any other person; and such assistance shall not be regarded as income of any person other than such individual."

AID TO THE PERMANENTLY AND TOTALLY DISABLED

Sec. 6. (a) (1) (A) Section 1402(a) (1) of the Social Security Act is amended to read as follows: "(1) provide that it shall be in effect in all political subdivisions of the State;"

(B) Section 1402(a) (3) of such Act is amended to read as follows: "(3) provide for the establishment or designation of a single State agency to administer the plan;"

(2) Section 1402(a) (8) of such Act is amended to read as follows: "(8) provide that the State agency shall, in determining need, take into consideration any other income and resources of an individual claiming aid to the permanently and totally disabled; except that, in making such determination, the State agency shall disregard (A) the first \$50 per month of earned income, (B) the ownership by such individual (alone or with his or her spouse) of a home having an assessed value, less all encumbrances of record thereon, of less than \$5,000 (except to the extent that he is receiving rental income therefrom), (C) the ability of such individual's family and relatives to provide for his support, (D) any donations of surplus food which may have been made to such individual from stocks of the Commodity Credit Corporation, and (E) the first \$1,200 in value (over and above all encumbrances of record) of personal property owned by such individual;"

(3) Section 1402(a) of such Act is further amended by striking out the final period and inserting in lieu thereof a semicolon and the following: "and (13) provide that there will be no discrimination based on sex in determining the needs of individuals receiving assistance under the plan."

(4) Section 1402(a) of such Act is further amended by adding after clause (13) the following new sentence: "For purposes of clause (8) (E), no life insurance policy shall be valued at more than its present surrender value to the individual, and the term 'personal property' shall not include (i) the individual's clothing, furniture, household equipment, foodstuffs, fuel, personal jewelry, or other personal effects, or (ii) interment plots, money placed in trust or insurance for funeral, interment, or similar expenses, or any contract rights connected therewith,

if such money, insurance, or contract rights do not exceed \$500 in value."

(5) Section 1402(b) (1) of such Act is amended to read as follows:

"(1) Any residence requirement which excludes any resident of the State who has resided therein continuously for one year immediately preceding the application; or".

(b) The second sentence of section 1401 of such Act is amended by inserting before the period at the end thereof a semicolon and the following: "but no payment shall be made under this title to any State which has not also submitted, and had approved by the Secretary, State plans for assistance under titles I, IV, and X".

(c) Section 1404 of such Act is amended by striking out "or" at the end of paragraph (1), by adding "or" at the end of paragraph (2), and by inserting after paragraph (2) the following new paragraph:

"(3) that in the administration of the plan there is imposed, as a condition of aid to any individual, a requirement that such individual subject his home to a lien of any kind or transfer to the State agency any interest in his home;"

(d) Title XIV of such Act is amended by adding at the end thereof the following new sections:

"Direct Payments to Individuals Not Satisfying Residence Requirements

"Sec. 1406. If an individual, after making application for aid to the permanently and totally disabled, is denied such aid by the State agency solely because he does not satisfy the residence requirements imposed under the State plan, and if such individual is not entitled to aid to the permanently and totally disabled by reason of prior residence in another State, the State agency shall promptly notify the Secretary of the fact that such individual has made such application and would be eligible for such aid if he satisfied such requirements. The Secretary shall thereupon pay directly to such individual for each month, beginning with the first month (after the month of such individual's application) in which such individual would have been eligible for aid to the permanently and totally disabled if he satisfied such residence requirements and ending with the month preceding the first month in which he satisfies such requirements, an amount (as determined under regulations prescribed by the Secretary) equal to the Federal Government's proportionate share of the aid to the permanently and totally disabled which such individual would receive for such month if he then satisfied such requirements.

"Assistance for Needs of Recipient Only

"Sec. 1407. Assistance paid to any individual under this title is to assist him in meeting his individual needs and is not for the benefit of any other person; and such assistance shall not be regarded as income of any person other than such individual."

MISCELLANEOUS PROVISIONS

Sec. 7. (a) As used in the provisions of the Social Security Act amended by this Act, the term "Secretary", except when the context otherwise requires, means the Secretary of Health, Education, and Welfare.

(b) Section 618 of the Revenue Act of 1951 (relating to public access to State public assistance records) is repealed.

(c) No check or warrant drawn in payment of assistance to any individual under title I, IV, X, or XIV of the Social Security Act, and no envelope or other outer covering therefor, shall bear any printing or marking which indicates or implies that such individual is indigent or a pauper.

(d) The amendments made by sections 3(d), 4(d), 5(d), and 6(d) shall apply with respect to months beginning after the date of the enactment of this Act. Section 7(b) shall apply with respect to payments to which the States (including the agencies

and political subdivisions thereof) become entitled after the date of the enactment of this Act. Sections 7(a) and 7(c) shall take effect on the date of the enactment of this Act. The remaining amendments made by this Act shall take effect on July 1, 1960.

APPOINTMENTS BY THE VICE PRESIDENT

The PRESIDING OFFICER. The Chair has been requested by the Vice President to announce for him the following appointments:

READING OF WASHINGTON'S FAREWELL ADDRESS

The designation, pursuant to the resolution of the Senate of January 24, 1901, of Mr. ALLOTT, a Senator from the State of Colorado, to read Washington's Farewell Address to the Senate on Monday, February 23, next.

SENATE OFFICE BUILDING COMMISSION

The appointment of Mr. ALLOTT and Mr. COOPER to be members of the Senate Office Building Commission, created by the act of April 28, 1904, as amended, vice former Senators Malone, of Nevada, and Purtell, of Connecticut.

MEMBER OF BOARD OF VISITORS TO UNITED STATES MERCHANT MARINE ACADEMY

The appointment of Mr. COTTON to be a member of the Board of Visitors to the United States Merchant Marine Academy, pursuant to title 46, United States Code, section 1126c.

MEMBER OF BOARD OF VISITORS TO UNITED STATES COAST GUARD ACADEMY

The appointment of Mr. BUSH to be a member of the Board of Visitors to the United States Coast Guard Academy, pursuant to title 14, United States Code, section 15h.

APPOINTMENT OF MINORITY MEMBERS OF JOINT ECONOMIC COMMITTEE

The PRESIDING OFFICER. The Chair has been requested by the Vice President to announce for him the appointment, pursuant to section 5(a) of Public Law 304, 79th Congress, the appointment of Mr. BUSH, Mr. BUTLER, and Mr. JAVITS as members on the part of the Senate of the Joint Economic Committee, to fill existing vacancies thereon.

APPOINTMENT OF MEMBER OF SELECT COMMITTEE ON IMPROPER ACTIVITIES IN LABOR OR MANAGEMENT FIELD

The PRESIDING OFFICER. The Chair, at the request of the Vice President, announces for him the appointment of Mr. CAPEHART as a member of the Select Committee on Improper Activities in the Labor or Management Field, to fill the vacancy caused by the retirement from the Senate of Hon. Irving M. Ives, of New York.

PROHIBITION OF FEES TO VIEW TELECASTS IN PRIVATE HOMES—BILLS INTRODUCED BY SENATOR LANGER

Mr. DIRKSEN. Mr. President, on January 20 I introduced some bills on

behalf of my distinguished friend the Senator from North Dakota [Mr. LANGER] and I asked that the bills be considered as having been introduced by the distinguished Senator from North Dakota himself. Evidently I did not make myself clear, and the bills are shown as introduced under my sponsorship with the distinguished Senator from North Dakota listed as a cosponsor.

Mr. President, I ask unanimous consent that the proper correction be made, so that the bills, S. 591 and S. 592, will be shown as having been introduced by the distinguished Senator from North Dakota [Mr. LANGER] and will not include my sponsorship.

I observe the Parliamentarian is shaking his head, Mr. President. I made such a unanimous-consent request previously. I thought it was within the rule, and I heard no objection.

The PRESIDING OFFICER. The Parliamentarian advises the Chair that the RECORD shows the bills were not introduced under the sponsorship of the Senator from Illinois but by the distinguished Senator for the Senator from North Dakota.

Is there objection to the request of the Senator from Illinois? The Chair hears none; and, without objection, proper corrections will be made.

Mr. DIRKSEN. The bills should be printed as having been introduced by the distinguished Senator from North Dakota, and my name should not appear on the bills as a cosponsor. I hope that is made clear, Mr. President.

The PRESIDING OFFICER. Without objection the request is agreed to.

Mr. LANGER. Mr. President, I thank the Senator from Illinois for what he did for me when I could not be present. I want to assure the Senator that both bills are excellent bills and I am sorry he is not a cosponsor of them.

Mr. DIRKSEN. I received all the credit and my distinguished friend received all the blame.

HOUSING ACT OF 1959—AMENDMENTS

Mr. HART (for himself and Mr. McNAMARA) submitted an amendment, intended to be proposed by them, jointly, to the bill (S. 57) to extend and amend laws relating to the provision and improvement of housing and the renewal of urban communities, and for other purposes, which was ordered to lie on the table and to be printed.

Mr. YOUNG of North Dakota (for himself and Mr. LANGER) submitted an amendment, intended to be proposed by them, jointly, to Senate bill 57, supra, which was ordered to lie on the table and to be printed.

Mr. MONRONEY (for himself, Mr. HUMPHREY, Mr. McNAMARA, Mr. HART, Mr. GORE, Mr. YARBOROUGH, Mr. KERR, Mr. JOHNSTON of South Carolina, Mr. JACKSON, Mr. MAGNUSON, Mr. CARROLL, Mr. ANDERSON, Mr. MCGEE, Mr. LONG, Mr. THURMOND, Mr. GRUENING, Mr. BARTLETT, Mr. MORSE, Mr. KEFAUVER, and Mr. LANGER) submitted amendments, intended to be proposed by them, jointly, to Senate bill 57, supra, which were ordered to lie on the table and to be printed.

Mr. MORSE submitted amendments, intended to be proposed by him, to Senate bill 57, supra, which were ordered to lie on the table and to be printed.

PRINTING OF REVIEW ON REPORTS ON THE GULF INTRACOASTAL WATERWAY CHANNEL TO PORT MANSFIELD, TEX.—(S. DOC. NO. 11)

Mr. CHAVEZ. Mr. President, I call this matter to the attention of the majority leader.

Mr. President, I present a letter from the Secretary of the Army, transmitting a report dated September 19, 1958, from the Chief of Engineers, Department of the Army, together with accompanying papers and illustrations, on a review of reports on the Gulf Intracoastal Waterway, channel to Port Mansfield, Tex., requested by resolution of the Committee on Public Works, adopted June 17, 1949. I ask unanimous consent that the report be printed as a Senate document, with illustrations, and referred to the Committee on Public Works.

Mr. JOHNSON of Texas. I express my appreciation to the Senator.

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

LEASE AND TRANSFER OF ACREAGE ALLOTMENTS—ADDITIONAL COSPONSOR OF BILL

Mr. SPARKMAN. Mr. President, on January 9, 1959, I introduced the bill (S. 58) to amend the Agricultural Adjustment Act of 1938, as amended, to provide for lease and transfer of acreage allotments. I ask unanimous consent that the name of the Senator from South Carolina [Mr. JOHNSTON] may be added as a cosponsor of the bill when it is next printed.

The PRESIDING OFFICER. Without objection, it is so ordered.

HEALTH SERVICES STUDY COMMISSION—ADDITIONAL COSPONSOR OF JOINT RESOLUTION

Mr. JAVITS. Mr. President, I ask unanimous consent that the name of the Senator from Massachusetts [Mr. SALTONSTALL] may be added as one of the cosponsors of the joint resolution (S.J. Res. 43) to establish the Health Services Study Commission, introduced by me on February 3, 1959.

The PRESIDING OFFICER. Without objection, it is so ordered.

STANDING COMMITTEE ON VETERANS' AFFAIRS—ADDITIONAL COSPONSOR OF RESOLUTION

Mr. MORSE. Mr. President, I ask unanimous consent that at such time as Senate Resolution 19, establishing a standing Committee on Veterans' Affairs in the Senate, is reprinted, the name of the Senator from Colorado [Mr. CARROLL] may be included as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

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

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

By Mr. TALMADGE:

Remarks by Representative VAN ZANDT in presenting to Senator RUSSELL the annual Minute Man of the Year Award of the Reserve Officers Association of the United States.

Address delivered by him at the 29th annual convention of the American Coalition of Patriotic Societies, at Washington, D.C., on February 3, 1959.

NOTICE OF HEARING ON NOMINATION OF PHILIP K. CROWE TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY TO UNION OF SOUTH AFRICA

Mr. GREEN. Mr. President, on behalf of the Committee on Foreign Relations, I desire to announce that the Senate received today from the President of the United States the nominations of Philip K. Crowe, of Maryland, to be Ambassador Extraordinary and Plenipotentiary of the United States to the Union of South Africa, and Raymond A. Hare, of West Virginia, now Ambassador Extraordinary and Plenipotentiary of the United States to the United Arab Republic, to serve concurrently and without additional compensation as Envoy Extraordinary and Minister Plenipotentiary of the United States to the Kingdom of Yemen.

Notice is given that the Committee on Foreign Relations, at the expiration of 6 days, in accordance with the committee rule, will give consideration to these nominations.

ADDRESSES BY JOHN M. MAHAN AND SENATOR JOHNSON OF TEXAS AT THE VETERANS OF FOREIGN WARS CONGRESSIONAL DINNER, 1959

Mr. MANSFIELD. Mr. President, last evening the Veterans of Foreign Wars of the United States held their annual banquet for the Members of the Congress of the United States. On that occasion, almost 500 Members of the Congress—the largest number ever present at such an event—were present to do honor to the national commander of the Veterans of Foreign Wars, John W. Mahan, of Helena, Mont.; to the Commandant of the Marine Corps, Gen. Randolph McC. Pate; and to our distinguished majority leader, the senior Senator from Texas, LYNDON B. JOHNSON, who was the recipient of the distinguished service award given by that organization annually.

It was an inspiring occasion. The speeches were well delivered. The time consumed was less than 2 hours. Every State was given recognition; and, in effect, a most interesting time was had by all in attendance. It was an occasion reflecting great credit on the VFW with its 1,300,000 members and on its outstanding commander in chief, our fellow Montanan, John W. Mahan. We

were proud of him and all our other friends from our State who were present.

But while everyone there enjoyed himself, there was of course a seriousness about the occasion which brought home to all those present the difficulties under which we live at the present time.

The full Montana congressional delegation, headed by our distinguished senior Senator, Mr. MURRAY, was in attendance. In addition, there were approximately 50 members of the VFW from Montana headed by our State Commander Dale Pawlowski, of Circle, Mont.

An inspiring address was delivered by my fellow Montanan, the national commander of the Veterans of Foreign Wars, John W. Mahan, in the introduction of the guest of honor, the distinguished majority leader, the Honorable LYNDON B. JOHNSON, the senior Senator from Texas.

Mr. President, I ask unanimous consent that the address delivered by Mr. Mahan and the address delivery by the distinguished majority leader in reply be incorporated in the RECORD at this point.

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

ADDRESS BY JOHN W. MAHAN INTRODUCING THE HONORABLE LYNDON B. JOHNSON, VFW CONGRESSIONAL DINNER 1959

Mr. JOHNSON, Mr. Speaker, General Pate, over 125 years ago the great American migration west was just getting under way. Pioneers, frontiersmen, adventurers boldly set forth to tame the land from Texas to Oregon and to make it part of America. These men carried with them a desire to explore, to build, to find a new life for themselves regardless of the danger and hardship. They found that new life and the greatness of America was assured.

Today, fortunately for the Nation and for free men everywhere, men from the West—with this same toughness of spirit, idealism—ever restless to meet new challenges, to explore new frontiers—are coming back from whence their ancestors came—because here on the Potomac lie the challenges and the frontiers of the 20th century—the frontiers of freedom, of dignity, of worlds beyond ours—of space.

Foremost among these men is our guest of honor. He began his career in Government 22 years ago. Elected to Congress in 1938, he interrupted this career the day after Pearl Harbor and was the first Member of Congress to don a uniform. As a lieutenant commander in the Naval Reserve, he served with distinction in the combat areas of the South Pacific. While there he volunteered for a hazardous combat mission to obtain vital intelligence over hostile New Guinea. For this action he was personally decorated with the Silver Star by Gen. Douglas MacArthur.

He has advanced in 10 years to a man of great national and international prominence in serving our country as its spokesman in the United Nations—to bring about the peaceful uses of outer space. He is chairman of the Senate Aeronautical and Space Sciences Committee, chairman of the Preparedness Subcommittee of the Senate Armed Services Committee, and member of the Appropriations Committee.

Perhaps in the last analysis the real mark of a man is what his fellow men think of him. This man has become almost a legend in less than 10 years. He was elected to the Senate in 1948. He was elected by his fellow Senators as leader of his party in the Senate only 4 years later—a post he has occupied ever since. This is the judgment of his peers—the men who know him best. And

what of his friends—the ones who know him as a person—not only as the efficient, skillful leader of the Senate? To them, he is a warm and friendly neighbor—gracious, generous, and sentimental—a friend who is there when needed.

This is a man. And men is what this Nation needs in the midtwentieth century. As a westerner, I am proud he is from the West. As commander in chief of the VFW, I am proud that he is a member of our organization. As an American, I am both proud and grateful that he occupies a position of high leadership of the Nation in these anxious times.

It is a high honor to present to you a man from the West who brings to the present the pioneer spirit of the past, a man who brings to free men everywhere hope for the future, the distinguished Senator from Texas. I am happy to present the highest award which the 1,300,000 members of the VFW can bestow on any man, the gold citizenship award to the Honorable LYNDON B. JOHNSON.

FOR THE COMMON DEFENSE

(Address by Senate Democratic Leader LYNDON B. JOHNSON, of Texas, Veterans of Foreign Wars dinner, Washington, D.C., Feb. 3, 1959)

Mr. Chairman, ladies, and gentlemen, for this award—and for the honor of this occasion—I am most grateful to you. While your recognition is to my public service, this moment is one of deep personal meaning to me.

I accept this award in the sense of a representative of the millions of Americans who have joined in a partnership to provide for the common defense.

This includes those who faced the enemy in combat.

This includes those who have produced the tools of preparedness.

THE THOUGHT OF PREPAREDNESS

This includes those who, like the Veterans of Foreign Wars, have banded together to keep alive the thought of preparedness in the hearts of our citizens.

The VFW is not just an organization founded upon memories of events which become nostalgic as we get farther from them. It is a vital force upon the American scene today.

For 22 years now—as a Member of the House and as a Member of the Senate—I have served in the Congress. Throughout that period I have served continuously on those committees charged with the most direct responsibility for our national security.

DECISION AND RESPONSIBILITY

National security—in these times—is complex. National strength is costly.

The burdens of decision and responsibility are trials.

But when these matters are approached in terms of individual human lives, the complexities become simple, the cost becomes cheap, and the trials cease to matter.

The question today has not changed since 1942.

Can free men ask their sons to defend freedom with less than the best of weapons or less than the maximum of willing support wherever the line of battle may fall?

For myself—and, I am sure, for you—I say that the answer is forthright and simple, "No."

NO AREA OF COMPROMISE

On this, there is no area of compromise. There is no alternative. There are no choices. Either this is to be our standard and the purpose of our efforts, or it is not.

In terms of principle it is simple. It is not simple in terms of application. Twenty years ago—when we were beginning to mobilize for World War II—we used what weapons were needed to protect our freedom. Where we did not have those weapons on hand, we could afford to make substitutions.

We handed our sons broom handles with signs attached to identify them as guns. We posted signs on old trucks and called them tanks. We simulated artillery with water pipes.

SUBSTITUTES FOR THE REAL THING

Those weapons that mattered so much to us in 1940 are basically obsolete, and even the broom handles are obsolete.

The demands of national security—and the change of our national position—no longer permit us the leisure of outfitting ourselves with substitutes for the real thing.

This is the first—and the greatest—single change in our concept of national security.

Time is no longer our friend. Time is no longer on our side.

Security is no longer a point at which we may hope to arrive 1 year, 2 years, or 10 years hence. Security—in the modern world—is a condition we must maintain each hour of each day.

This underscores another matter of great importance.

CHANGES IN MILITARY CONCEPTS

Twenty years ago—in our period of mobilization against the threat afforded by the Axis powers—you will recall the profound changes we were forced to undergo in our military concepts. At the beginning of mobilization, armored divisions and mechanized divisions were unheard of. Paratroops and dive-bombing and landing craft were unknown concepts. The most romantic branch of our services was the horse cavalry.

VICTORIES: THE PRODUCT OF CHANGE

Our victories in World War II were the product of changes we were forced to make in our thinking after the war in Europe had begun.

Today—and for so long as the Nation shall endure—we do not have, and will not have, the same margin of time.

THE EDGE OF CAPABILITY

For more than a decade, peace has been maintained because—as men such as Winston Churchill have pointed out—we of the United States have held a continuing edge in capabilities. What we often overlook is that American science gave us the lead in the nuclear age. This lead—won by the invention and creativeness of our minds—served the world as the greatest single deterrent to aggression. The fact that we had unquestioned leadership in this realm made it unnecessary to use atomic energy in any military form.

THE TIME OF DANGER

This demonstrates the point that needs making now. Our greatest time of danger in the world is at times of transition.

When we come to a phase in which old concepts are obsolete and new concepts are not yet perfected, there is where the danger lies.

SECURITY FOR THE FUTURE

If American science had not been the leader in bringing free men to the atomic age, the cost of national security these past 15 years would have been prohibitive beyond our imagination. The parallel challenge of the opportunities of space is identical.

The weapons of the past are obsolete. The strategies of the past are obsolete. Along with this transition, we must face another fact of change.

ONE GOAL FOR AMERICA

We are working now in the Senate on the job that is foremost for the members of the legislative branch—getting the facts. We must have those facts to discharge our duties. It is my hope, though, that out of this can come the search for a new way and a better way to bring together—rather than to keep apart—our joint pursuits of the same goal.

There is—and must be—only one goal for Americans:

To provide our Nation with security and, through that strength, to be leaders for peace.

A TIME OF GREAT POTENTIAL

We have come to a time of great potential. Never has there been so great an opportunity for us as that opening now. If we move with vigor into the leadership of space, we shall turn those wild fields into the meadows of peace. The opportunity to achieve a creative peace is the opportunity before us now, and the challenge to our lives, our talents, our will. With this before us, let us so work that it shall never be said again that we did too little, too late.

DULLES-FULBRIGHT ACCORD

Mr. MANSFIELD. Mr. President, in the New York Herald Tribune of Tuesday, February 3, there appeared a story entitled "In Interests of Nation: Dulles-Fulbright Accord Sought," written by Rowland Evans, Jr.

I think this is a very worthwhile synopsis of a situation which exists, and which will continue to exist in the future so far as the relationship between the Senate Foreign Relations Committee and the Secretary of State is concerned.

Let me say that, on the whole, that accord has been quite good. I anticipate that it will be just as good in the future, if not better.

In the article Mr. Evans refers not only to the Secretary of State and his possible relationship with the Senator from Arkansas [Mr. FULBRIGHT], the new chairman, but he also refers to the Senator from Minnesota [Mr. HUMPHREY], the Senator from Alabama [Mr. SPARKMAN], the Honorable C. Douglas Dillon, Under Secretary of State for Economic Affairs, and the Assistant Secretary of State, William B. Macomber, who is the congressional liaison contact between the State Department and the Congress as a whole.

I join Mr. Evans in his high praise of Mr. Macomber's devotion to duty. Although this is a well-written story, there is one vital element missing. I am delighted, in respect to this, to observe the presence in the Chamber at this moment of members of the Committee on Foreign Relations—the Senator from Alabama [Mr. SPARKMAN], the Senator from Indiana [Mr. CAPEHART], the Senator from Vermont [Mr. AIKEN], and others, who will attest to the fact that last year the Foreign Relations Committee unanimously—and I believe at the instigation of the distinguished Senator from Arkansas [Mr. FULBRIGHT]—voted to send a letter of commendation and thanks to Assistant Secretary Macomber for the fine attitude he displayed, for the good cooperation he had shown, and for his attention to duty and detail in keeping the committee informed of developments in the field of foreign policy and in its relations with the Department of State. To my knowledge, this is the first time that a letter of this kind had ever been sent to a man in Secretary Macomber's position and, in my opinion, it was richly deserved.

I ask unanimous consent that this story be printed in the RECORD at this point as a part of my remarks.

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

IN INTERESTS OF NATION: DULLES-FULBRIGHT ACCORD SOUGHT

(By Rowland Evans, Jr.)

WASHINGTON, February 2.—A number of factors are operating quietly and persistently in the background to help resolve the public discord that, on occasion, has marred the relationship between Secretary of State John Foster Dulles and Senator J. WILLIAM FULBRIGHT, Democrat, of Arkansas.

For obvious reasons, the national security will not be strengthened if the chairman of the Foreign Relations Committee and the Secretary of State are at each other's throat. Conversely, the interests of the Nation can be immeasurably advanced if the men who occupy these two pinnacles of power in the conduct of foreign relations can merge their talents and collaborate in finding solutions to the plaguing questions of the time.

CHAIRMAN KEY PERSON

A Foreign Relations chairman can, if he tries hard, wreck the best laid plans of an administration, as Senator Henry Cabot Lodge, grandfather of the present American Ambassador to the United Nations, wrecked President Wilson's League of Nations.

On the other hand, the chairman can virtually guarantee the acceptance of some pretty radical policies, if his support is fully engaged. For example, the late Senator Arthur H. Vandenberg underwrote the Marshall plan.

Senator FULBRIGHT, the newest chairman, is well aware of all this. So is Mr. Dulles, who has a good deal more at stake. Mr. Dulles needs the Senate more than the Senate needs him.

While the Secretary and the Senator work to reconcile their differences of method and technique and try to conduct their private negotiations out of the headlines, the hidden but immensely important apparatus of informal communication between the Senate and the State Department is now working overtime to make the job easier.

ROLE OF MACOMBER

Assistant Secretary of State William B. Macomber, the imaginative, highly skilled operator who has charge of congressional liaison and who is the principal implement of this apparatus, holds the complete confidence of Senator FULBRIGHT. Mr. Macomber has roots of his own in the Senate, where he once served as Senator JOHN SHERMAN COOPER's administrative assistant. He also has a unique intimacy with Mr. Dulles, for whom he worked as confidential assistant before taking charge of congressional liaison.

The selection of Mr. Macomber was one of Mr. Dulles' wisest appointments. His job is to translate and interpret administration foreign policy for the Democratic Congress and interpret the congressional response for the administration. He works at this delicate job, with its inevitable byproduct of sensitivity feelings and wounded pride, as meticulously as a diamond cutter. His is a job of human relations wherein the element of face has extraordinary importance. Mr. Macomber has a talk with Senator FULBRIGHT almost every day. He recently held a breakfast in the State Department for 11 freshmen Senators, an unpublicized affair that could pay a dividend at some future time.

C. Douglas Dillon, Under Secretary of State for Economic Affairs, is another key member of the apparatus of informal communication. Like many rich men with successful business backgrounds, he has the confidence of the powerful in Congress. Of all the Department's top officials, he is liked the best and trusted the most. His relationship with Senator FULBRIGHT is intimate. He is a

natural bridge between Mr. Dulles and Senator FULBRIGHT, if any is needed.

AN ALLY OF DULLES

On the Senate Foreign Relations Committee, Senator JOHN J. SPARKMAN is perhaps the strongest Democratic ally of Mr. Dulles. Senator SPARKMAN helped Mr. Dulles write the Japanese peace treaty and holds the Secretary in high regard. Elsewhere on the committee, Senator HUBERT H. HUMPHREY's work in the disarmament field has brought him in close contact with Mr. Dulles and, perhaps surprisingly, the two have developed a strong mutual respect.

Also working to exploit the subsurface avenues of communication is Carl Marcy, the gifted chief of the committee's staff.

How the collective force of these personalities plays upon the two principals will depend on how the Secretary and the Senator work out their own disagreements—differences of technique rather than basic objectives. If their own lines of communication should start to clog, these are the figures in the background who will be in position to force them open.

In the meantime, regular and unpublished conversations between the Secretary and the Senator are a certainty.

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

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

The Chief Clerk proceeded to call the roll.

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

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

LEGISLATIVE RECOMMENDATIONS OF THE PRESIDENT IN THE LABOR - MANAGEMENT FIELD— STATEMENT BY THE SECRETARY OF LABOR

Mr. DIRKSEN. Mr. President, the distinguished Secretary of Labor is appearing this morning before the Senate Committee on Labor, to testify. I ask unanimous consent that there be printed in the body of the Record the text of the statement the Secretary is making before that committee.

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

STATEMENT OF JAMES P. MITCHELL, SECRETARY OF LABOR, BEFORE THE SUBCOMMITTEE ON LABOR, SENATE COMMITTEE ON LABOR AND PUBLIC WELFARE, FEBRUARY 4, 1959

I am pleased to be here once again to discuss with this committee the legislative recommendations of the President in the labor-management field. In his labor message of January 28, the President said that there is need for the enactment of effective legislation:

"To safeguard workers' funds in union treasuries against misuse of any kind whatsoever.

"To protect the rights and freedoms of individual union members, including the basic right to free and secret election of officers.

"To advance true and responsible collective bargaining.

"To protect the public and innocent third parties from unfair and coercive practices such as boycotting and blackmail picketing.

"To carry these principles into action, the President has submitted to the Congress a

fair and just legislative program which is set out in S. 748. The main concern of the administration in developing this legislative program has been to protect individual rights of the men and women who work and the interests of the public in a manner which will aid rather than hinder the furtherance of the growth of legitimate trade unionism. It will deal effectively with the problem areas in labor-management relations which require legislative action. It bears upon employers as well as unions but does not place undue burdens upon either. It recognizes that the majority of labor and management officials are sincere and honest in their dealings one with the other and with the union members, and is directed to helping the legitimate trade union movement clean its own house and to assisting fair employers in curbing any improper practices on the management side."

I propose in this statement to explore the primary problem areas in labor-management relations which require, and which may be solved by, Federal legislative action, and I propose to show how the administration's bill, as a comprehensive approach, deals with these problems. The interim report of the Select Committee on Improper Activities in the Labor or Management Field, chaired by Senator McCLELLAN, set out nine conclusions which the committee had reached as the result of its investigations and which should be dealt with by Federal legislative action. Any legislative program in this field will be judged by the American people on the basis of how completely, effectively, and fairly it reaches these problem areas.

The administration's bill, I submit, will best meet this test. As the President stated in his message, it "will do so without imposing arbitrary restrictions or punitive measures on the legitimate activities of honest labor and management officials." It is important to remember that the great majority of those connected with labor and management fall in this category, and that the evils we are seeking to correct are as much anathema to them as they are to the American public as a whole.

The conclusions of the select committee were:

1. That there had been a "significant lack of democratic procedures in the unions studied."

2. That there had been an abuse of the power to place subordinate bodies under "supervision."

3. That "certain managements have extensively engaged in collusion with unions."

4. That there had been "widespread misuse of union funds in the unions studied."

5. That "violence in labor-management disputes * * * still exists."

6. That there had been management violations of the Taft-Hartley Act by use of labor spies, "spontaneous" employee committees, and other improper practices.

7. That "the weapon of organizational picketing has been abused" by its use without regard to the desires of the employees in question.

8. That "gangsters and hoodlums have successfully infiltrated some labor unions."

9. That there is an extensive "no man's land" in jurisdiction over labor-management relations.

Let us examine these conclusions in more detail and certain of the evidence which supports them and see how the administration's proposals would apply to them. In doing so, I should like to omit from my review of this evidence, where I can do so without misquotation, the names of the perpetrators of the abuses that have been shown to exist. To add once more to the notoriety of these persons would contribute nothing and might well detract from the emphasis which should be placed on the substance of the abuses in which they were involved and which we are proposing to correct.

1. The select committee found that there had been a significant lack of democratic procedures in the unions studied and that the use of the secret ballot had been denied in many cases.

The president of the Bakery and Confectionery Workers' International Union, which has since been expelled from the AFL-CIO, was found to be "an example of a labor autocrat who * * * conjures up few rivals." It was stated that in the 1956 union convention at San Francisco this man "railroaded through" changes in the union constitution which destroyed any remaining pretenses of union democracy. It was found that actions and statements by this officer "at the convention nakedly exposed an authoritarian philosophy abhorrent to legitimate American unionism. Under his callous direction use of the secret ballot to elect international officers was abandoned, thus further intimidating possible dissenters."

With respect to the Teamsters' Union, the select committee said:

"Teamster officials have crushed democracy within the union's ranks. They have rigged elections, hoodwinked and abused their own membership, and lied to them about the conduct of their affairs. They have advanced the cause of union dictatorship and have perverted or ignored their own constitution and bylaws.

"At the recent international convention of the teamsters in Miami, Mr. Beck and Mr. Hoffa, with the help of their bevy of lawyers, made a mockery of the international constitution. They showed that they regarded the constitution as a piece of paper to be obeyed or ignored as it might benefit them. In this instance, the decision was to waive the constitution. Without this action, Mr. Hoffa could not have been elected teamster president.

"Delegates from a New York local who participated actively in the convention were not elected until 10 days after the convention was over. The ultimate cynicism of the Miami situation is demonstrated, however, by the colloquy which took place between the committee and a Hoffa supporter from Detroit. He was asked if he was a delegate to the convention and he replied that he was. He was asked when he was elected and he replied that there was to be a membership meeting that night to consider the nominations and election of delegates and he was to be elected at that time."

Flagrant disregard of democratic procedures was also found to exist in some other unions investigated by the select committee. It may be asked, why did the membership of these unions stand for this kind of an organization? The answer is obvious from illustrations given in the interim report. According to the report members of a local union in Long Island who questioned the actions of local officers were viciously beaten, and when they filed criminal charges were given drumhead trials and barred from the union for a period of 5 years, heavily fined, and deprived of their means to earn a livelihood.

Under the administration's bill the dictatorships in these unions would be prevented by standards required by the bill or would be exposed to the scrutiny of the members and the public under the reporting and disclosure requirements. The unions would be required to report how all officers are selected and to certify that certain standards for the election and removal of officers are provided in their governing documents and are observed.

The administration's bill would require officers of international unions to be elected not less frequently than every 5 years by secret vote or by delegates elected by secret vote. Officers of local unions would be required to be elected not less frequently than every 3 years by secret vote.

The provisions of the administration's bill would assure that all members of the organization would be entitled to nominate and to be candidates, and to vote in secret, upon due notice and without restraint or coercion. The facilities necessary for an honest election, including tellers and observers, would have to be provided by the union.

Unions would be required by the administration bill to report their procedures for the removal of officers. They would also be required to have in their constitutions and bylaws procedures, which would have to be followed, enabling the removal of officers by a majority secret vote where a substantial number of the members indicate that they desire to have such a vote. A prompt election to choose successors to removed officers, conducted in accordance with the standards of the bill, would be required.

The administration bill would empower the Department of Labor to investigate violations of its election provisions without disclosing names of complaining union members. If it were found that violations had occurred and the union refused to comply with the act and take the necessary corrective action, appropriate relief, including the holding of new elections, could be ordered and sanctions could be imposed for willful violations. Fair administrative procedures with judicial enforcement and review are provided by the bill.

Under the administration bill members of unions would be able to bring action in State or Federal courts for relief against violations of the election provisions of the bill in any case where no action or proceeding by the Secretary of Labor was pending. Any existing remedies against irregularities in the election of union officers under other Federal or State law would be preserved. Members bringing, or causing to be brought, any actions or proceedings to enforce the election requirements would be protected from reprisals by a provision in the bill expressly stating that this shall not be grounds for disciplinary action by the union.

The administration's bill would also require the reporting and disclosure of the grounds for suspension or expulsion of members and the provisions made and procedures followed for notice, hearing, judgment and appeal in connection with disciplinary action against members.

These provisions together provide a comprehensive statutory framework that would ensure basic democratic rights for union members, and make available to them adequate remedies when these rights are infringed or threatened.

2. The select committee found that certain international unions "flagrantly abused their power to place local unions under trusteeship or supervisorship" by imposing supervisorship without basis and for unconscionably long periods of time. It found also that supervised locals were "plundered" and used as pawns in political battles within the international unions.

The committee found that two Chicago locals of the International Union of Operating Engineers had been under supervisory control of the international since their creation in 1929. At that time, one local had no members, but it gradually absorbed the members of another Chicago local. Attempts by the members of the local to remove supervisorship were unsuccessful. The man designated to supervise its affairs subsequently became the president of the international. He then relinquished direct control of the local union, but his appointed successors used the funds of the local to buy him, among other things, four Cadillacs, an air conditioner, a TV set and an encyclopedia. The appointed officers of the union were not accountable to the membership for their administration of its financial or other affairs. The situation in the other Chicago local under supervisory control for

29 years seems to have been similar, except that the appointed officers there used the funds for their own personal benefit rather than for the benefit of the president of the international.

And in its findings on the Teamsters' Union the committee states:

"They have indiscriminately used the power of placing locals under trusteeships and kept these union entities in servitude when it served the interests of the union leadership to do so. When a local is under trusteeship, its members completely lose control over their finances and the right to elect their own officials.

"Some 13 percent of all the locals in the Teamsters' Union are under trusteeship, Teamster officials have admitted before the committee that they do not know the reason why some were put under trusteeship or why they remain in that state at the present time. Some of the locals have been under trusteeship for 15 years. One individual, through trusteeship, can control the destinies of many people. Mr. Hoffa is the trustee of some 17 different locals."

The abuses illustrated by these examples would be effectively dealt with by the administration's bill. Under it such control would be permitted to be established only for purposes of ensuring democratic, responsible, and honest administration of the subordinate organization or effectuating legitimate objectives of the labor organizations involved. These objectives would include the elimination of practices which are dishonest or corrupt or in disregard of obligations to members, to employers, to employees, or to the public under applicable laws, collective bargaining agreements, and provisions of constitutions and bylaws. Supervisory control would have to conform also to the applicable provisions of the constitution and bylaws and other governing rules and regulations of the unions involved. It would be permitted only for periods not longer than necessary for correction of the evils in question.

The standards required by the administration's bill would eliminate the possibility of the arbitrary assumption or exercise of supervisory control. Supervisory control would be permitted in proper circumstances because, when properly used, it is a legitimate method for correcting abuse or corruption in subordinate union organizations.

It would appear that any situation justifying the establishment of supervisory control could be cleaned up within a year-and-a-half in most cases. Therefore, the bill would create a presumption that the exercise of control for a period in excess of 18 months is not reasonably necessary. If the union can demonstrate the need for continuing the supervision, the bill would permit its continuance on a year to year basis. In this way control of their affairs would be returned to the members of the subordinate union as soon as possible.

The administration's bill would make it unlawful, subject to criminal penalties, to count the votes of delegates of a supervised local in any convention or election of officers of the supervising union unless the delegates are chosen by the local members by secret vote. The bill would also make it unlawful and a criminal offense to transfer moneys of the supervised union to the supervising union except the per capita taxes and assessments which would otherwise be payable. Under the bill, the prohibitions and penalties provided for convicted criminals serving as union officers and persons permitting such service would apply to persons serving or permitting others to serve as supervisors or trustees of unions under supervisory control.

Special reports would have to be filed with the Department of Labor within 30 days after any assumption of supervisory control by a union over another union, and at 6-month intervals thereafter, showing whether

the prescribed standards were being met, what progress was being made in accomplishing the purposes for which the control was assumed, the anticipated length of time required before local autonomy would be restored, and the steps being taken to bring supervisory control to an end.

These provisions of the administration's bill would provide means for correcting the abuses shown in the select committee's interim report by making it possible to prevent arbitrary, prolonged, and corrupt supervisorships. The requirements of the bill concerning exercise of supervisory control would be enforced in much the same way that the provisions governing union elections would be enforced, that is, through the use of administrative processes with provision for judicial enforcement and review and the imposition of administrative and judicial sanctions. This is preferable to providing only for judicial enforcement since it would permit corrections of violations without the formality and expense connected with court trials, reducing the potential costs of administration to the Government as well as to the union organizations concerned. Since our Federal trial courts are already overburdened, the use of administrative processes would permit more rapid action to correct violations. This would be particularly beneficial to the members of the organizations involved since the objective of these provisions is to return control of their affairs to them as soon as possible.

3. Another conclusion of the select committee in the interim report is that "certain managements have extensively engaged in collusion with unions."

Discussing an ex-president of an international union, the committee said, in part: "The committee testimony clearly shows that there was an under-the-table relationship between William E. Maloney and Stephen A. Healy, founder and head of the S. A. Healy Co., one of the Nation's largest contractors. That this relationship was of great value to Healy and his firm is best demonstrated, in the committee's view, by the testimony that Healy, for a long period of time, was a favored contractor who received special concessions on his union contracts."

With respect to the Teamsters, the committee said in connection with one situation:

"Many Puerto Rican and Negro workers belonging to the Teamster locals established and sponsored by Hoffa in New York received for a 40-hour week the minimum wage of \$40, plus \$1 to pay their union dues. The working conditions and the treatment that these people have received from those Teamster union officials who signed 'sweetheart' contracts with greedy employers is a disgrace not only to trade unionism but to the moral principles on which this country was built."

The Committee discovered that Teamsters' business agents had, in several instances, negotiated "sweetheart" contracts by which workers' wages were substantially reduced from the level that had previously been maintained.

The committee found that an \$11,000 payment was made to John Dioguardi, alias Johnny Dio (a three-time convicted labor racketeer), by the purchasers of his nonunion dress shop so that the shop might remain nonunion. At that time, Dio was running a local union representing other dress-shop workers.

The administration's bill strikes at this evil in several ways. Unions would be required to report the full circumstances of the receipt of anything of value from any employer having employees who are or might be represented by the union. The information required in these reports would have to be made available to each union member

in appropriate form and manner. Also, union officers, agents, and key administrative personnel would have to report payments from these employers as well as information on investments and business transactions so related to these employers as to possibly involve conflicts of interest. They would also have to report such transactions by relatives or other third persons if they benefited directly or indirectly. They would not have to report payments permissible under section 302(c) of the Taft-Hartley Act; purchases in the regular course of business at regular prices, or bona fide investments in traded securities if a substantial interest in the business is not involved. Employers would be required to report full information on any transaction directly or indirectly engaged in with the union, its officers, agents, or representatives if the latter are required to report on these matters. These broad requirements are necessary in order to bring conflict-of-interest transactions into the open for examination by the union members and the public—and the information obtained could be published.

Administrative and judicial sanctions would be available to obtain compliance with these reporting requirements. Injunctions to compel compliance would be available, and administrative orders, judicially reviewable and enforceable, could be issued after hearings. Further, the National Labor Relations Board would be required to deny its processes to unions and employers who do not comply with the reporting provisions.

Criminal penalties would be provided for willful failure or refusal to comply, for filing false information, and for concealing or destroying the books and records which those affected would be required to keep. I might point out that the recordkeeping requirement could as easily be thwarted by the concealment of the records as by their destruction.

The administration bill would provide criminal penalties for bribery between employers and their representatives or intermediaries and union officers, agents, or representatives or any trust in which a union is represented. This would be made a felony. Certainly, on the basis of the McClellan committee report, such a provision is necessary in any adequate legislation. In addition, the bill makes a necessary amendment to section 302 of the Taft-Hartley Act to prohibit payments or agreements for payments to any union or its officers or employees by any employer if the union represents any of his employees or has members employed in the same occupations as his employees.

The administration bill, through the combined effect of its broad reporting requirements and its prohibitions on bribery and improper payments between employers and unions and their officials, is designed to eliminate the abuses found with respect to collusion between employers and unions. Employers and unions will be hesitant to engage in the schemes which have been shown to exist in the past because their dealings could no longer be cloaked in secrecy. The bright glare of publicity and the information union members would obtain about the financial affairs of their unions, as well as about the dealings of their union officials and employers, would enable the members to protect their own interests, as well as the assets of their labor organizations.

4. The fourth conclusion stated in the interim report was that there had been "widespread misuse of union funds in the unions studied," that, among other things, "financial safeguards have been woefully lacking," financial reports to members have often been "false, sketchy" and even in those forms unavailable to the members, and destruction of financial records "has been rife."

The hearings before the committee show that \$6,663 of the wayward funds of the

western conference of teamsters found their way into the purse of an interior decorator, who was engaged by the conference to redecorate the private residence of the conference secretary-treasurer. The dues of the western conference members were used to purchase a new automobile for a friend of a union business agent, and custom tailored suits for the chairman and his horse trainer. The investigation of the financial affairs of this organization was complicated by a mysterious robbery in which the financial records sought by the committee were reportedly ransacked.

Committee records show that in 1956 the expenses of the former president of an international union since expelled from the AFL-CIO included \$25,000 for entertainment, dinners, birthday parties, and personal expenses. No bills were submitted to support any of these vouchers.

There was testimony that the former president and the former secretary of another international union (both of whom resigned at the insistence of the AFL-CIO) misappropriated some \$66,000 from the union treasury. The committee's interim report states that the president's expenditures were "pica-yune" when measured against those of his next in command. The "personal items bought on the secretary's trip charge credit card amounted to \$1,776; but where he shone best, by comparison with the president, was in the charges paid out for him at hotels—a thumping \$30,036." The committee's report points out that this sum did not include his actual hotel bills, for which the union paid about \$50,000 (between April 1954 and March 1957) or the bill at a hotel in Washington where the union maintained a room for which it paid about \$17,600 during this same period. The report describes how this union officer would order merchandise (such as suits), have them delivered to and paid for by the hotel, which would then put the charge on the union's bill. An air-conditioning unit, three TV sets, three radios, a typewriter, and trampoline lessons were included. All of them were purchased through the handy "hotel pay-out device."

These two officers financed from union funds the purchase of expensive homes and the purchase of items such as a color TV, a woman's suit, a golfer's lamp, and \$14,000 for theater tickets.

The committee charged James Hoffa with grossly misusing nearly \$2½ million of teamster funds and dispensing them with one end in view: financial assistance to himself and his friends. The committee named Gerald Connelly, "a labor thug," Louis Berra, "convicted of taking kickbacks from a contractor," Paul (The Waiter) Ricca, "considered by many to be the head of the Mafia in America," and many other questionable characters as recipients of Hoffa's financial generosity, at union expense. According to the committee's report, those who received funds from the "friendly teamster lending institution" usually found it convenient to "lend" Hoffa substantial sums in return.

I sincerely believe that the administration's bill would provide the most effective procedures for ensuring that such graft and corruption will not continue. In the first place, it would require that union funds and property be held and administered for the benefit of the members and for furthering the purposes of the union—not for the financial enrichment of union officials. This requirement would be enforceable in any court in a suit by, or in behalf of, union members.

The Administration's bill would also require detailed reporting and disclosure of the financial operations of unions, certain financial transactions of their officers and direct and indirect dealings between union

officers and employers which may involve conflicts of interests.

But we cannot rely on reporting and disclosure alone to curb the abuses which have been disclosed. The use of union funds to pay for purely personal items for union officials cannot be expected to be disclosed in a report since payments for such things would, of course, be concealed in some general item. It is imperative, therefore, that adequate authority to investigate alleged violations and to enforce reporting requirements be provided.

The administration's bill provides such authority. It would authorize the Secretary of Labor to conduct investigations either on his own initiative if he had reason to believe a violation had occurred or upon complaint of a union member. It would also authorize the Secretary to subpoena witnesses and documents, hold hearings, issue decisions and orders requiring compliance, impose sanctions for willful violations and bring actions in the Federal courts for injunctions to compel compliance with the provisions.

The bill would provide criminal penalties for willful violations of the reporting requirements and other provisions of the act, for concealment or destruction of records required by the act to be kept, for embezzlement of union or certain trust funds and for false entries in or destruction of union books and records.

Any present remedies that union members have under State or Federal laws, in addition to those provided in the bill, would be preserved.

With these provisions, much could be accomplished to eliminate the misuse of union funds. Reports could be carefully examined, with particular attention being given to unreasonably large allowances to officers and to other items that appear questionable. When union members have knowledge that union funds are being spent for purely personal expenditures, they could advise the Department which would then investigate the matter. If investigations disclose wrongdoing, the Secretary could then take immediate action to curb abuses.

Criminal penalties alone are not adequate in this area. If the object of the legislation is to bring into the open the information on which reports are required, there should be some way, such as by obtaining an injunction or by administrative orders, to compel disclosure. Something more is needed than merely providing that those who willfully refuse to report as required may be prosecuted as criminals.

5. The select committee found that violence and coercion in labor disputes still exists "to an extent where it may be justifiably labeled a crime against the community."

It is true that violence, including that in connection with labor disputes, is a matter which the State and local law enforcement agencies should deal with. But much of the labor violence and coercion occurs in connection with matters which are subject to Federal labor-management relations legislation—namely, secondary boycotts and blackmail picketing.

The McClellan committee hearings contain numerous incidents of blackmail picketing where certain unions by the use of violence and intimidation have coerced, or attempted to coerce, employers to deal with them in violation of the representation rights of employees. In Flint, Mich., testimony shows that the business agent of Teamster Local 332 would approach an employer, none of whose employees belonged to his union, to sign a contract or would start picketing for recognition without any warning. An employer who held out despite the picketing met with incidents, such as a fire bomb tossed into his store, sugar poured into truck gas tanks, and personal assaults.

In Scranton, Pa., a building being put up by a nonunion contractor was dynamited, a

bakery owner was subjected to bombing and truck damage when he objected to union demands that he and other self-employed drivers cease making deliveries, 3,000 men were pulled off a large Federal construction job to mass picket a nonunion road contractor employing 45 persons who was the object of an organizational drive.

In Tennessee, it was charged, a goon squad, built around a corps of Teamster officials with long police records, was responsible for at least 173 acts of violence in connection with Teamster and other union organizing campaigns over the last 4 years.

Much of this kind of coercion occurred in connection with organizational activities. In many of these cases there was blackmail picketing or the threat of blackmail picketing. In other instances the coercion was for the purposes of forcing a person to cease doing business with a nonunion employer.

The administration's bill would eliminate areas of presently permissible secondary activity which lead to the injury of innocent third parties. It would also eliminate the type of blackmail picketing through which workers are organized against their will and which spawns violence. No bill which fails to contain provisions in these areas of blackmail picketing and the secondary boycott loopholes can claim to be a truly effective labor reform measure.

The testimony before the select committee again and again illustrated the method by which certain unions, particularly the Teamsters, utilized the inadequacies of the present secondary boycott provisions to force employers to do business with only those people approved by union officials. As the interim report of the select committee states: "The economic livelihood of a small tavern or store owner depends on his ability to get deliveries of beer, other beverages and food. The Teamsters have the power to shut these deliveries off and, as the testimony clearly shows, did so * * *."

The extent to which the Teamsters avail themselves of the secondary boycott is evidenced by the fact that 34 percent of the injunctions against secondary boycott activity sought by the National Labor Relations Board from 1947 to 1957 involved the Teamsters. These included only those secondary activities presently covered by the act; it is certain that the incidence of secondary boycotts successfully engaged in by the Teamsters by means of activities not presently prohibited is vastly greater.

The weaknesses of the present secondary boycott provisions of the act are evident when we examine what they now cover. As now written, they require a combination of two factors: First, an objective of the union must be to compel one person to cease doing business with another; second, the means employed to achieve this objective must be through a strike or inducement of employees to concertedly refuse to perform services.

If these factors do not coexist the secondary boycott provisions have not been violated under the law as it now stands. Some unions have, therefore, been able effectively to impose secondary boycotts and yet avoid the proscriptions of the act by directly threatening or coercing the employer (or his supervisory personnel) whom they want to cease doing business with another person. They also avoid the existing provisions by inducing individual employees, or workers not defined as employees by the act such as railroad and agricultural workers—to refuse to handle the products of the person with whom they want the employer to cease doing business. None of these activities is considered to be prohibited under the law as it now stands.

Under present law the Teamsters' Union can appeal to individual truckdrivers to refuse to deliver goods to any establishment, as well as appeal to other individual union men such as repairmen, and maintenance men, to refuse service, with impunity.

Since the appeal or threat is directed to the individual truckdriver and helper or repairman, there is no concerted activity if such employees refuse to service the employer objected to. In this fashion the will of the union can be imposed upon the small employer without running afoul of the present law. In addition, the union can go directly to an employer and threaten him with labor troubles if he continues to do business with another employer. Often the threat of labor trouble is as potent a weapon as the trouble itself would be. Thus, pressure can be applied to a secondary employer at these two points without violating the present act. Moreover, since the employer may be coerced, agreements may be forced upon him under which his employees do not have to work on goods produced or handled under conditions unacceptable to the union or on goods produced by persons of whom the union does not approve. Although it has been held under the present law that a union may not seek to enforce such an agreement by inducement of employees to refuse to perform services, direct coercion of an employer by a union such as the Teamsters will get the same result.

One of the cases reported to the select committee illustrates the type of conduct the administration's proposals are designed to eliminate. Testifying before the committee, Tom Coffey, a small Nebraska trucker, told of how he was approached by a persuasive Teamster representative, who informed Mr. Coffey that the Teamsters "didn't have time to fool with a little company, that they were going to organize from the top down." The Teamsters did not claim that they represented a majority of the employees nor did they petition the NLRB to hold an election. When Mr. Coffey refused to deliver his employees to the union, the Teamsters using the secondary boycott put the squeeze on him. His trucks were followed and picketed. Other truckers were advised not to carry freight that had been transported by Mr. Coffey's trucks. Mr. Coffey's business was destroyed.

The testimony of Mr. Clark, copartner of another small Nebraska trucking firm, told of Teamster conduct which followed the same pattern.

Under the administration's proposal the secondary boycott provisions will be broadened and strengthened to make unlawful the type of activity which I have described. If amended as proposed, the secondary boycott provisions will apply to coercion of employers to cease doing business with another. The effect of this type of secondary activity is no less damaging upon employers and employees and no less contrary to the public interest than is the type of secondary activity presently prohibited by the act.

6. The committee found extensive management violations of the Taft-Hartley Act by use of labor spies, "spontaneous" employee committees, and other improper practices.

In its report, the select committee concludes that employers had violated the rights of their employees under the Taft-Hartley Act by interfering with their organization activities and their right to bargain collectively. The committee conducted an extensive investigation of a notorious "labor relations consultant" and his activities on behalf of employers to discourage union organization or to promote company unions or other unions which would not faithfully represent the employees.

Companies made substantial payments to this middleman and his agents which were used in establishing employee committees to oppose unions' organizational campaigns or in creating company unions. On his advice, in one store of a national chain a company-dominated union was created to keep out a legitimate union. Later the company union was discarded in favor of no union at all. Employees who supported the com-

pany's varying union policies received special favors, but those who opposed them were discriminated against.

Companies were instructed in the techniques of spying on their employees to learn their views on unions. Funds were given the consultant or his assistants for their services and expenses, and these persons in turn paid the expenses of "spontaneous" employee committees whose purpose was to oppose unionization. In some instances, friendly unions were brought in and agreements signed with them without any consultation with the employees whom the unions were supposed to represent.

All of these activities would appear to be unfair labor practices under the Taft-Hartley Act. However, the procedures provided by that act for the protection of employees must be bolstered against these employer payments to middlemen for activities such as those found by the committee in this case.

The administration's bill would attack this problem in two ways.

First, the bill provides that an employer must make a full report if he directly or indirectly makes specified payments which may involve interference with the rights of individual employees under the Federal labor-management relations laws. This would include direct financial dealings with unions and employees as well as dealings through intermediaries such as labor relations consultants. The appropriate procedures and sanctions applicable to other reports would be applicable to these reports, and these reports would be sufficient to put employees on notice of employer activity detrimental to their interests.

Second, the bill would amend section 302 of the Taft-Hartley Act to make it unlawful for an employer or any person acting in his interest to pay or agree to pay any employee or group of employees of the employer for the purpose of causing employees to interfere with other employees of the employer in the exercise of their rights under the Federal labor-management relations laws. It would also be unlawful for any person to request, receive, or agree to accept such a payment.

These provisions would not prevent an employer from retaining consultants or advisers for the legitimate conduct of labor-management relations, but they would prevent the use of their services to deprive employees of their rights to determine their own status.

7. The committee found that the weapon of organizational picketing has been abused by its use without the consent of employees of picketed establishments and before any of them have indicated any desire to join the union in question.

I have called this abuse blackmail picketing.

The most flagrant abuses of this type brought to light involved the notorious Johnny Dio. As the interim report of the committee pointed out, certain Dio-controlled locals by the use of organizational picketing or the threat of such picketing forced small businessmen into recognizing them and then sold out the very employees over whom they had seized jurisdiction by signing collusive contracts with the employers.

Testimony before the committee as to the activities of the business agent of Teamster Local 332 in Flint, Mich., revealed a similar sordid story. No attempt was made by the Teamsters to persuade employees to join the union or to have a vote held to determine whether the employees wished to be represented by the union. By use of a picket line or the threat of picketing, employers were forced to recognize local 332 and hand the bargaining rights of their employees over to hoodlums and racketeers.

The device which made possible the improper activities in this area uncovered by the select committee was the ability of a

union to picket without regard to the wish of the employees.

The administration's bill comes to grips with this problem by dealing directly with the cause, namely the relatively unrestricted availability to unions of the tactic of organizational picketing.

The administration's proposals in this area do not contemplate the elimination of all such picketing. They would restrict it, however, to those situations in which there is some indication that the employees are interested in being represented by the union. Although not within the scope of the Taft-Hartley Act or the administration's picketing amendment Mr. Hoffa's threat to picket police stations and vital facilities in the city of New York, in the face of no showing of interest by the police in being represented by his Teamsters Union, is a good illustration of blackmail picketing. If the picketing had been persisted in, it presumably could only have been terminated either by the police joining the Teamsters against their will or the authorities bargaining with a union not selected as a bargaining representative by the employees involved. This effort failed because Hoffa was met by the overwhelming weight of public opinion. However, the testimony before the select committee has demonstrated that blackmail picketing often succeeds when the targets are the few employees of a small employer where public opinion is difficult to arouse.

Under the administration's proposals picketing, or a threat to picket where the union cannot demonstrate that there is a sufficient interest on the part of employees in having it represent them, or where the picketing has continued for an unreasonably long period of time without an election being conducted, could be met by the employer or an aggrieved employee going to the NLRB and charging an unfair labor practice. The charge would receive priority and speedy handling, and the NLRB regional director could get, promptly, a court order to prohibit such blackmail picketing.

Under present law, an employer who has recognized and entered into an agreement with a union which has demonstrated to his satisfaction that it has been designated as bargaining representative by a majority of his employees, but which is not certified by the National Labor Relations Board, may be subject to picketing by another union. This is an unfair situation because under the law the employer must recognize and bargain with the union having majority status, whether or not it is certified. However, he, his employees, and the majority union may be subjected to the harassment of picketing by a stranger union.

The administration's proposals would eliminate this possibility. Under circumstances where the employer has recognized a union in accordance with the act, picketing by another union would be prohibited.

Another type of situation which would be met by this proposal is where an organizational campaign terminates in a representation election in which no union is certified. Under the present law the employer and the employees may be subjected to organizational picketing, even though the employees have rejected representation by the picketing union.

The administration's proposal would eliminate this possibility by barring representation picketing if within the preceding 12 months a valid election has been held. After the employees have indicated their rejection of union representation they should be left free for a reasonable period of time from organizational efforts by picketing.

The total effect of these proposals in the administration bill would be to regulate picketing so that employers and their employees will not be subject to the continuous coercion of an organizational picket line.

The National Labor Relations Board, in administering these provisions, would determine when unions had sufficient interest to justify such picketing and what under particular circumstances would be a reasonable period of time for such action. Flexible application of these standards would contribute to more equitable and orderly labor relations, as well as eliminate the abuses of picketing for representation purposes which have made possible many of the improper activities revealed by the Senate select committee.

8. It was found that gangsters and hoodlums have successfully infiltrated into some labor unions.

As stated by the chairman of the Senate select committee at the opening of the New York City phase of the 1957 hearings, hoodlums and racketeers are attracted to the labor movement because of the opportunities for using labor charters as an instrument of extortion from employers and the victimization of the union membership.

An example of the first type of activity is the Mount Hood Cafe in Portland, Oreg., which happened to have a pinball machine owned by someone outside the union combine. The owner was told to take the machine out or he would be picketed. At the instigation of a convicted burglar, who happened to be head of Teamsters' Joint Council No. 37 in Portland and the Teamster's international organizer for the State of Oregon, pickets did appear and had a severe effect on the cafe's business. The owner told the committee if he had not removed the nonunion combine machine, as directed by the union business agent, he would have gone bankrupt.

In the New York City area the committee found that from a local established in 1950 by the union, now known as the Allied Industrial Workers of America, a whole string of units of the same organization sprang up which came under the domination of Johnny Dio. Under Dio's influence 40 men were brought into the labor movement in positions of trust and responsibility—men who, among them, had been arrested a total of 178 times and convicted on 77 of these occasions for crimes including theft, violations of the Harrison Narcotics Act, extortion, conspiracy, felonious assault, violation of the weapons laws, being an accessory to murder, forgery, and possession of stolen mail.

The administration's bill would strike at this situation by barring all convicted felons from serving as union officials for such time as they have lost the right to vote. It further holds responsible union officials liable for any such persons assuming union office. Violations of these provisions would be subject to criminal penalties and the Secretary of Labor would be authorized to prevent by judicially enforceable orders the assumption of union positions by such persons.

I think this legislation should bar from union office for the length of time specified by Congress anyone convicted of any felony and not just certain felonies. Specifically mentioning certain crimes that would make a person ineligible might result in a failure, for example, to cover all the categories of crimes found in the backgrounds of the New York paper local officials. The Secretary of Labor should not be given the task of determining whether or not assumption of office by such persons would be contrary to the purposes of the act, placing him in the dubious position of guaranteeing to the millions of union members the future good conduct of convicted felons.

The administration bill's restriction of organizational picketing for blackmail purposes against the desires of the employees and the closing of loopholes in the secondary boycott provisions would also act as deterrents to gangster infiltration into unions by limiting devices which are susceptible to use for criminal activities by persons such as Dio and which provide some of the in-

ducement for gangsters to move into the labor movement.

9. Finally, it was found by the select committee that there is an extensive no man's land in jurisdiction over labor-management relations which leaves employers and employees with no recourse to any governmental agency.

Several of the witnesses before the committee testified that abuses uncovered by the committee occurred in this no man's land between State and Federal jurisdiction. The interim report of the committee pointed out that in the committee's inquiry into activities in the New York area it was shown that exploitation of workers and circumvention of legitimate labor organizations were made possible because employers had no recourse to any governmental agency.

While there is general agreement on the need for dealing with the problem, there is considerable difference in the approaches suggested.

I do not think that requiring the Board to assert jurisdiction over all disputes arising under the National Labor Relations Act meets the no man's land problem. This proposal, in my opinion, is unworkable and unrealistic. The Board, as a practical matter, cannot assert jurisdiction to the full reach of the act. To attempt to do so would force the Board to dissipate its energies upon countless numbers of disputes in small establishments which, although they affect commerce, are primarily local in character. The result would so increase the length of time required to dispose of proceedings brought before the Board as to render its processes ineffective.

Even if the Board were to be given increased funds to further extend its jurisdictional standards (and I think that the Board should exercise jurisdiction to the fullest extent that is reasonably possible), there would remain numerous business establishments whose activities affect commerce so slightly and are so peculiarly local as to make it unwise, as well as impractical, for the Board to take jurisdiction over labor disputes which involve them. The only way in which a forum may be provided for disputes of this kind is to make it clear that agencies and courts of the States and Territories can act when the Board declines to assert jurisdiction. To fail to do this would be to leave many of the racketeering activities directed against small employers in an area in which no relief is available either from the Federal Government or the States.

The administration proposal would specifically authorize the Board to decline jurisdiction where it does not consider that the effect on commerce is sufficiently substantial to warrant the exercise of its jurisdiction and would authorize the States to act where the Board so declines. Prior to the Supreme Court's decision in the Guss case many State agencies and courts assumed that they had such authority and asserted jurisdiction in this area. The effect of the administration's proposal, therefore, is no more than to make legal a situation which existed prior to the Guss decision.

In addition to eliminating this jurisdictional gap, the administration's bill would enable the National Labor Relations Board to expedite its procedures by authorizing it to conduct representation elections without a prior hearing where there is no substantial objection. This would particularly expedite the Board's work in those cases where there are no significant issues and where it is likely that the election itself would determine what issues there are and eliminate any requirement for further Board action.

This proposal would also eliminate a device used by parties for delaying purposes only. In the case of the Coffey Transfer Co., referred to previously, the ability of the Teamsters union to delay a representation election involving only seven employees was one of

the factors which put Coffey out of business. Mr. Coffey filed petitions for an election in September 1955 but by raising questions as to the appropriate unit and filing unfair labor practice charges the teamsters delayed an election until January 1956. The union's loss of this election was not certified until April because of challenges of the voting eligibility of certain strike replacements. In the meantime, in March 1956, Mr. Coffey had sold his business for one-third of what he had been offered 3 years previously.

The administration's proposal relating to the designation of an acting general counsel is also designed to prevent any delays in the operations of the Board. In the case of the sudden resignation or incapacity of a general counsel the work of the Board could be slowed down drastically unless a successor is immediately nominated and confirmed by the Senate, which is not always the case, because of the general counsel's final authority over the issuance of complaints. It is not clear that this function can be performed by any person other than the regularly appointed incumbent of that office.

The administration's bill contains two other amendments to the Taft-Hartley Act which are directly related to the labor-management reform aspects of the bill. One is the amendment of sections 9(f) and (g) so as to continue the present requirement that unions conform with reporting requirements as a condition of access to the processes of the act and to extend the requirement to employers. The second is the amendment of section 302 of the act, relating to improper employer payment to employee representatives, so as to extend it to additional persons and types of payments.

To promote sound industrial relations and thereby lessen possible labor strife, some other amendments are also necessary.

The administration's proposal authorizing the Board to certify unions in the building and construction industry without a prior election is designed to accommodate the unique employment practices of that industry under the representation provisions of the act. The authority of the Board in this respect, however, is carefully conditioned upon certain factors so as to insure that the freedom of employees to belong to a union of their own choosing is not infringed. This proposal would enable construction unions to acquire Board certification, with the protections that certification provides for unions, and would contribute to the stability of labor relations in that essential industry.

The administration's proposals with respect to the voting rights of replaced economic strikers and requiring employers, as well as unions, to file non-Communist affidavits are designed to remove inequities in the act which have long been apparent. The proposal regarding bargaining during the life of a contract has the same purpose.

The proposal to require the Board to be bipartisan in composition is to bring it in line in this respect with other regulatory agencies.

I am submitting at this time for the information of the committee and incorporation into the Record an explanation of the bill which contains a careful section-by-section summary of its provisions.

I think I can best close this statement by quoting the following paragraph from the President's labor message:

"Complete and effective labor-management legislation, not a piecemeal program, is essential to assure the American public that true, responsible collective bargaining can be carried on with full protection to the rights and freedoms of workers and with adequate guarantees of the public interest. These recommendations, when adopted, should do much to eliminate those abuses and improper practices which, I am firmly convinced, the American public expects and believes will be corrected through legislative action. Equally important, they will do so

without imposing arbitrary restrictions or punitive measures on the legitimate activities of honest labor and management officials."

The enactment of the President's program into law will be a great service to the country and its working men and women; the enactment of anything less than this program would provide no more than a partial answer to the public demand and great need for this legislation.

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

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

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

The PRESIDING OFFICER. Without objection, it is so ordered.

A MORE DYNAMIC AND COMPREHENSIVE URBAN-RENEWAL PROGRAM—STATEMENT BY RICHARD C. LEE

Mr. DODD. Mr. President, on January 26 the able and distinguished mayor of New Haven, the Honorable Richard C. Lee, testified before the Housing Subcommittee of the Senate Banking and Currency Committee. Mayor Lee came to Washington to urge a more dynamic and comprehensive urban renewal program. He is preeminently qualified to do so since, both in practice and in theory, he has long been one of the Nation's foremost authorities in this field.

He is more than an authority. He is a leader and a doer. The magnificent program which he has put into effect in New Haven has caught the imagination not only of Connecticut, but of people all over the country who are interested in this vital problem.

The testimony of Mayor Lee before the Housing Subcommittee was an eloquent and reasoned plea for a vastly expanded program of slum clearance and urban redevelopment. I think it ought to be read by all who are interested in this question or who have to pass judgment on it.

Today, the Senate begins consideration of housing legislation. In the next day or two, we shall decide the fate of housing, slum clearance, and urban renewal for the immediate future. For that reason, I ask unanimous consent to have inserted at this point in the Record the testimony of Mayor Lee, in order that it may be made available to every Senator before the Senate passes judgment on this crucial problem.

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

TESTIMONY OF MAYOR RICHARD C. LEE, OF NEW HAVEN, CONN., BEFORE THE HOUSING SUBCOMMITTEE OF THE SENATE BANKING AND CURRENCY COMMITTEE, JANUARY 26, 1959

My name is Richard C. Lee. I am mayor of the city of New Haven. I am testifying as mayor of New Haven and on behalf of the American Municipal Association as chairman of its urban renewal committee.

I would like to begin by endorsing wholeheartedly the statement this morning of my good friend and colleague, Mayor Anthony Celebrezze, of Cleveland.

We mayors have given a lot of thought to urban renewal, public housing, and the related FHA 220 and 221 programs. In cooperation with other groups, such as the National Association of Housing and Redevelopment Officials, the National Housing Conference, and others, we have prepared a detailed legislative program for submission to the Congress.

On the Senate side, much of our program is contained in Senator SPARKMAN's bill (S. 57). Senator CLARK's bill (S. 193) fits even more closely our ideas of the size of the program required for the years ahead if we are really to do a job on slums and blight.

Mayor Celebrezze's statement outlines our position very thoroughly and I do not propose to duplicate what he has said.

Instead, I should like on this, my fourth successive yearly visit to your committee, to discuss, briefly and frankly, some of the broad national issues involved in the legislation before you.

In the last 4 years our program in New Haven has gone well indeed, despite many heartbreaking delays. I will not attempt to describe our problems and our progress but I would like to give you each a copy of the latest annual report of our Citizens Action Commission. It contains a very good description of our program. I am proud of the fact that our city and its people have just won the All-American City Award of the National Municipal League and Look magazine.

Our experience in New Haven, my work as chairman of the AMA's Urban Renewal Committee, the visits I have made to other cities and the discussions I have had with visiting delegations have given me an unusual opportunity to see the problems of our cities at first hand. I do not claim a theoretical or technical knowledge of urban problems but I do have an administrator's working knowledge.

I wish I could report on the basis of what I have learned that year by year we are making progress as a nation in our war against slums and blight. Here and there there are encouraging signs. The facts are, however, that in the Nation we are engaged only in a limited rearguard action against slums.

I am appalled at the slum conditions I have seen. After 10 years of slum clearance under the Housing Act of 1949, urban slums are more widespread than ever before and seem to be growing faster.

In this period, millions of American families have fled to FHA insured housing in the suburbs to escape blight. In the same time hundreds of millions of dollars have been invested in suburban shopping centers and industrial parks. A new America has been created around our cities and the old America inside has been left to rot away.

I. THE URBAN RENEWAL PROGRAM IS IN THE MIDDLE OF A DISTURBING SLOWDOWN

1. Between September 5 and December 31 of 1953 only five projects moved into the action stage with loan and grant contracts totaling only \$4.1 million.

2. In the same period, there were practically no new projects approved for the survey and planning stage.

3. The Administration has adopted a rationing formula for the distribution of unallocated funds which puts us all on a starvation diet. Together with other administrative actions it has all but destroyed urban renewal as we knew it only a year ago and substituted a weakened approach which gives us the form of urban renewal without the substance. It will never do the job.

4. Despite all the fond hopes, only 2,931 units of section 220 FHA insured housing have actually been completed in urban renewal areas, with only 6,994 more under construction.

5. The record of section 221 FHA insured relocation housing is even more dismal. Five hundred and sixty-five units have been completed and 727 units are under construction.

6. The public housing program has been so strangled by redtape that despite the need for new units, few cities are willing to run the gantlet.

Unpleasant though it may be, we must face the fact that the urban renewal program is not producing at anything like the pace which is needed.

For this situation the Congress must accept responsibility along with the administration. There has never been enough money made available and last year there was no legislation at all.

II. THERE IS NO PRACTICAL ALTERNATIVE TO SUBSTANTIAL FEDERAL APPROPRIATIONS FOR SLUM CLEARANCE AND URBAN RENEWAL PROGRAMS

I would ask you please to bear in mind that we mayors are not down here seeking a handout. The urban renewal program involves not only one local tax dollar for every two Federal dollars, it also requires us to go out and organize our community to support the program, with all the disruption to established habit patterns which it brings. I can assure you that the political risks in this program are all on the local level and they are substantial.

We mayors are more than a little disturbed at the spender label which is plastered so readily on anyone who wants to raise the standard of living in our cities in a way which requires the expenditure of public funds for capital improvements whether they be new schools or sewers or slum clearance projects.

We believe in the free-enterprise system. It has given the American people a standard of living undreamed of even a generation ago. But unhappily slums and blight also seem to prosper in our present-day economy. We have searched in vain for some way in which we could get the profit motive operating an effective slum clearance and urban renewal program without Government financial aid.

I am satisfied that there is no such private enterprise solution and for a very simple reason. Except for midtown Manhattan and a few isolated patches of real estate elsewhere it is just not profitable to tear down income-producing slums and put up slumproof improvements.

This is a matter of simple economics. You cannot pay market value for slum properties even if you could assemble them at all in parcels of suitable size, then relocate the families, tear down the buildings, put up new structures with proper setbacks, provide offstreet parking and still make a normal profit.

In the absence, therefore, of a workable, private enterprise alternative—which everyone would automatically label "good"—we must seek out a workable public alternative, which necessarily requires public funds and is therefore, in the minds of too many, automatically evil.

The President has suggested that the cities and the States assume a gradually increasing share of the cost of urban renewal in accordance with the predominantly local benefits received.

Speaking personally, I would like to see the cities assume sole responsibility for the financing and execution of urban renewal projects. I am confident that the savings in time and money could lead directly to substantial savings of as much as 20 percent in the net cost of each urban renewal project.

The simple fact, however, is that the cities and the States of our Nation would bankrupt themselves financing an adequate urban renewal program on the basis of the present distribution of taxing powers.

It seems to me that those who make proposals for local assumption of the cost of urban renewal should be prepared with a specific taxing proposal to raise the wherewithal.

We mayors are practical people. We see no sign of the Federal Government's giving up significant taxing powers to us. Nor is private enterprise able to do the job.

We have no choice, therefore, but to come down to Washington and ask for a fair share of Federal funds. The key question of course is, What is a fair share?

III. THE ALLOCATION OF FEDERAL MONEY AMONG THE VARIOUS NONDEFENSE PROGRAMS AS PROPOSED IN THE 1960 BUDGET IS OBSOLETE

The President's \$77 billion budget provides for a 6-year urban renewal program beginning at \$250 million per year and going down. The actual cash appropriation sought is only \$145 million, one indication that a speedup in urban renewal is not expected next year either.

One way to determine the fairness of this proposal is to compare it with others in the budget.

For the purpose of comparison the \$145 million figure is the one which most directly affects the taxpayer next year. Anyone who feels that the comparison would be more valid can substitute the authorization figures.

Here is what I find in studying the President's budget.

The new budget provides \$4.49 billion for the stabilization of farm prices and farm income under a program which, nonetheless, the President still describes as outmoded and unsuited. This is over 30 times as much as the \$145 million recommended for slum clearance.

Even the financing of rural electrification and rural telephones gets twice as much (\$335 million) as is made available to cities to get rid of slums.

Research and other agricultural services get \$301 million; financing farmownership and operation, \$196 million; conservation and development of agricultural land and water resources, \$675 million.

All in all a cash expenditure of \$6 billion for agriculture in 1960 against \$145 million for slum clearance.

I am not picking on farmers. We all need them, probably even more than they need us. Nor am I questioning any of the specific programs involved. I am in no position to evaluate them. And I might say there are many other nondefense functions which get much more out of this economy budget than slum clearance.

It is my belief, however, that somewhere along the line the Federal Government has failed to keep up with changing times. Here are my statistics to back up this statement.

IV. MORE AMERICANS LIVE IN SLUMS THAN ON FARMS

Incredible as it may seem, in the richest country in the world, more Americans live in the slums of our cities, North, South, East, and West, than on all of the farms in the Nation.

Here are the facts. On Friday, January 23, 1959, the census clock in the Department of Commerce reported our total population as 175,764,235.

On that same date the Bureau of the Census reported 20,837,000 living on farms in America. Our most conservative estimate of slum dwelling units in America runs over 6.5 million. At the Census Bureau figure of 3.35 persons per household, the slum population of America today is 21,775,000 and growing. In round figures, the conclusion inescapably reached is a simple one—approximately 1 million more people live in America's slums than live on all of her farms.

The 65 percent of the American population who live in the cities and pay 75 percent of the total Federal tax bill, are being told by

the President that \$6 billion in cash is necessary from their tax money this year for a farm program which he has stated is outmoded. At the same time they are being told that slum clearance primarily benefits them as city dwellers but in the same breath that the United States this year can only afford \$145 million in cash and an authorization of \$250 million for new programs.

Put another way, the administration proposes \$34 per capita from each person in the United States for the farm program and only 83 cents for slum clearance.

Aid for slum clearance in this economy budget comes to \$72.50 per slum dweller. At that rate we will not clear our slums in this century.

Aid for agriculture comes to an incredible \$3,000 per farm dweller per year. Give us that much money in the cities per slum dweller for just 1 year and we will never have to come back.

Gentlemen, I respectfully suggest that whether in or out of balance on the income-outgo side, this budget is disturbingly far out of line in its recognition of the pressing nondefense needs of the American people.

This budget, if adopted, would lead to a further drying up of the urban renewal program as ever-expanding slums and blight engulf evermore millions of our fellow citizens.

It is inconceivable to me that in this, the richest Nation in the world, we cannot afford to eliminate our slums completely and to begin the job right now.

We mayors ask you to approve a program of \$600 million a year for 10 years. Our surveys and our own direct knowledge and observation of the size of the problem in our cities indicate to us that this full sum is required.

In the light of the 1960 budget allocations—at least on the domestic level—our requests are not unreasonable. The resources of our Nation are not so meager that we need put up with even one slum-dwelling unit.

I urge that we, all of us, raise our sights. Thank you.

TRIBUTE TO USO

Mr. WILEY. Mr. President, today, February 4, the United Service Organizations—better known to the Nation and our millions of service men and women as USO—observes its 18th birthday.

During its lifetime, the USO has provided millions of our military personnel with a home away from home. This group of voluntary, civilian organizations and personnel—not a part of the Government—includes the Young Men's Christian Association, the National Catholic Community Service, the National Jewish Welfare Board, the Young Women's Christian Association, the Salvation Army, and the National Travelers Aid Association.

As an illustration of the scope of activities, in 1958 the USO utilized the services of some 80,000 men and women, and sponsored 1,375 overseas shows and many more thousands of local programs. Also, the USO staffed 267 clubs, provided information to service personnel, made housing placement facilities available, and serviced snackbars for millions.

Overall, the USO brings hometown friendship and understanding to our troops wherever stationed—here and abroad.

For financial support, the USO depends upon the united funds, community chests, and other voluntary community campaigns. This year, it will

require \$11,500,000 to effectively carry out its splendid programs. The American people, I am sure, will again demonstrate—by support—their confidence in this constructive organization for furthering the spiritual, recreational, and welfare needs of our military forces.

The Nation, indeed, owes a debt of gratitude to the USO and the individuals involved for an outstanding record of service.

Mr. RANDOLPH. Mr. President, today marks the 18th anniversary of USO service to members of our Armed Forces of the United States. This organization is a voluntary civilian group of six national agencies, namely, the Young Men's Christian Association, the National Catholic Community Service, the National Jewish Welfare Board, the Young Women's Christian Association, the Salvation Army, and the National Travelers Aid Association.

President Eisenhower has sent the following message to USO President Holgar J. Johnson:

As the United Service Organizations complete 18 years of service to our Armed Forces, it is a pleasure to extend, through you, my warm greetings to the volunteers and leaders of the USO. Skill and understanding, backed by the generous support of American citizens, have enabled the USO to bring many friendly services to our men and women in uniform. As you face the challenge of another year, I am confident that the USO will continue to enjoy the confidence of our people here at home and the appreciation of our service personnel stationed around the world.

Gen. Nathan F. Twining, Chairman of the Joint Chiefs of Staff, declared:

The continuation of this USO service is perhaps even more important at the present time than during a period of actual war.

During wartime a visible incentive exists for the young soldier who is enduring hardships far from home. However, this incentive of actual conflict does not exist today and the constant waiting in a condition of readiness or alert creates a heavy strain on morale.

Senator LYNDON JOHNSON, of Texas, our distinguished majority leader, said:

The USO fulfilled a function that could not be duplicated by any other agency because it kept the members of the armed services in close and intimate contact with home. * * * There is the need to keep men aware of the fact that their fellow Americans are supporting them, not only physically but spiritually. That was the role of the USO—a role which was performed superbly.

Senator EVERETT M. DIRKSEN, of Illinois, our esteemed minority leader, declared:

Its (USO's) contributions to morale and to the spirit of our military men particularly in the lonesome outposts across the world have been truly magnificent. It will have made a lasting impression upon millions of Americans, and it so richly deserves the most generous salute from our people everywhere.

Senator JOHN F. KENNEDY, of Massachusetts, said:

To those of us who served in the Armed Forces during the war or since, USO is an especially meaningful testimonial to the American tradition of community services and public welfare. It is impossible to meas-

ure in words the contribution which the USO has made in enlarging the welfare and spiritual opportunities for Americans. In this country and abroad, USO has become a home away from home and a living example of America's humanity.

Mrs. Eleanor Roosevelt said:

USO keeps right on doing work with our soldiers here in this country and with our soldiers now stationed in so many far distant areas of the world. * * * It tries to bring a little bit of home to the servicemen who are away from home and to make us at home feel a sense of responsibility about them and give them a feeling that they still have a sense of responsibility for their home.

Lloyd W. Dinkenspiel, president of the National Jewish Welfare Board, said:

It has been the genius of USO that it has drawn into its volunteer ranks Americans of all faiths and from all economic strata, dedicated to serving men in uniform. In a sense, this huge army of volunteers dedicated to service is a testimonial of faith in USO and its aims. USO has been a valuable ally in our total defense effort—a beacon to our soldiers and a source of comfort to their families.

Arthur A. Schuck, chief Scout executive, Boy Scouts of America, said:

The USO is to be congratulated on having completed its 18th year of service to the millions of young men who have gone through the armed services since 1941.

The tremendous service performed during World War II brought magnificent results in morale and spirit among our troops. The moral influences of your six member organizations have had a direct effect on our Nation. Those values have continued since World War II and you can continue to make significant contributions.

J. Clinton Hawkins, president of YMCA National Council, and Vivian C. McCollom, chairman, YMCA National Board, said:

Incorporated into the USO structure are sound basic principles of service shared by all of its member agencies. Experience has proved that, in the implementation of these principles, people of different faiths can cooperate in providing these common services and yet infuse them with the spirit of their own religious traditions.

Mr. President, it was my privilege today, as a member of the National Board of Governors of USO, to escort eight members of the Armed Forces on a Capitol Hill tour. These young men and women of the Air Force, the Army, the Navy, and the Marine Corps, visited with Senators from their home States and they were in the gallery during debate on important legislation. They journeyed to the Supreme Court, where they met one of the Associate Justices and also visited the Library of Congress.

The Senator from Texas [Mr. JOHNSON], whose career in the Armed Forces was outstanding, said to these representatives of our Armed Forces in a stimulating talk in his office that he was not preaching when he reminded them "to give the best that you have and the best will come back to you."

Mr. JOHNSTON of South Carolina. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. DODD in the chair). The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Bible	Hartke	Mundt
Byrd, W. Va.	Hayden	Murray
Cannon	Holland	Prouty
Chavez	Hruska	Proxmire
Clark	Javits	Randolph
Dirksen	Johnston, S.C.	Saltanostall
Dodd	Jordan	Smith
Dworshak	Keating	Sparkman
Ellender	Langer	Stennis
Frear	Mansfield	Talmadge
Green	McNamara	Williams, N.J.
Gruening	Morse	Yarborough
Hart	Moss	Young, N. Dak.

Mr. MANSFIELD. I announce that the Senator from Washington [Mr. MAGNUSON], and the Senator from Florida [Mr. SMATHERS] are absent on official business.

I also announce that the Senator from Oregon [Mr. NEUBERGER] is absent because of illness.

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BEALL] is absent because of illness.

The PRESIDING OFFICER. A quorum is not present.

Mr. MANSFIELD. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay, Mr. AIKEN, Mr. ALLOTT, Mr. ANDERSON, Mr. BARTLETT, Mr. BENNETT, Mr. BRIDGES, Mr. BUSH, Mr. BUTLER, Mr. BYRD of Virginia, Mr. CAPEHART, Mr. CARLSON, Mr. CARROLL, Mr. CASE of New Jersey, Mr. CASE of South Dakota, Mr. CHURCH, Mr. COOPER, Mr. COTTON, Mr. CURTIS, Mr. DOUGLAS, Mr. EASTLAND, Mr. ENGLE, Mr. ERVIN, Mr. FULBRIGHT, Mr. GOLDWATER, Mr. GORE, Mr. HENNING, Mr. HICKENLOOPER, Mr. HILL, Mr. HUMPHREY, Mr. JACKSON, Mr. JOHNSON of Texas, Mr. KEFAUVER, Mr. KENNEDY, Mr. KERR, Mr. KUCHEL, Mr. LAUSCHE, Mr. LONG, Mr. MARTIN, Mr. MCCARTHY, Mr. McCLELLAN, Mr. McGEE, Mr. MONRONEY, Mr. MORTON, Mr. MUSKIE, Mr. O'MAHONEY, Mr. PASTORE, Mr. ROBERTSON, Mr. RUSSELL, Mr. SCHOEPEL, Mr. SCOTT, Mr. SYMINGTON, Mr. THURMOND, Mr. WILEY, Mr. WILLIAMS of Delaware, and Mr. Young of Ohio entered the Chamber and answered to their names.

The PRESIDING OFFICER. A quorum is present.

Mr. MANSFIELD. Mr. President, is the Senate still in the morning hour?

The PRESIDING OFFICER. Yes; is there further morning business?

SUPPORTING FIGURES ON THE HOUSING BILL

Mr. DIRKSEN. Mr. President, yesterday the distinguished junior Senator from Virginia [Mr. ROBERTSON] made some remarks on the housing bill. I thought perhaps he would have some amplification of his remarks in the form of supporting figures; and I should like to make inquiry of him now as to whether he proposes to insert such figures in the Record at this time.

Mr. ROBERTSON. Mr. President, on Monday, when I expressed my interest in housing, but my objection to exceeding the budget estimate at this time, however desirable the program might be, I was asked by the distinguished Senator from Louisiana whether I could obtain for him figures on the indirect obligations of the Government. I said I could not do so offhand, but that I would furnish them.

I now ask unanimous consent to have printed at this point in the RECORD a tabulation furnished by the Secretary of the Treasury showing that the indirect obligations of the Government amount to \$297 billion. But that, of course, includes some insurance funds which we never expect to become actual liabilities.

Then I call attention to the reference in the President's budget, at pages 957 to 959, to the Federal credit programs. That shows a larger contingent liability for housing than the Treasury figures indicate. The budget shows only \$23 billion for 1958 on FHA, to increase to \$37 billion in 1960; and it shows that the Veterans' Administration guarantees will increase from \$30 billion to \$38 billion. The budget indicates that the grand total will rise from \$76,900,000,000 in 1958 to \$104,800,000,000 in 1960.

Mr. President, I also state that the housing bill would increase the direct borrowing from the Treasury, for college dormitories, dining halls, and other facilities, by \$525 million. That would result in a new category of borrowing.

I ask unanimous consent to have printed at this point in the RECORD figures showing the total which has been borrowed from the Treasury, which is nearly \$30 billion, and also showing the \$25 billion which has been authorized, and can still be borrowed, and thus can bypass the Appropriations Committee.

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

LONG-RANGE COMMITMENTS AND CONTINGENCIES OF THE U.S. GOVERNMENT AS OF JUNE 30, 1958

The attached statement covers the major financial commitments of the U.S. Government, except the public debt outstanding and those involving recurring costs for which funds are regularly appropriated by the Congress and are not yet obligated, such as aid to States for welfare programs and participation in employee-retirement systems. The statement is segregated into four categories, namely (a) loans guaranteed and insured by Government agencies, (b) insurance in force, (c) obligations issued on credit of the United States, and (d) undisbursed commitments, etc.

The items appearing in this statement are quite different from the direct debt of the United States. They are programs of a long-range nature that may or may not commit the Government to expend funds at a future time. The extent to which the Government may be called upon to meet these commitments varies widely. The liability of the Government and the ultimate disbursements to be made are of a contingent nature and are dependent upon a variety of factors, including the nature of and value of the assets held as a reserve against the commitments, the trend of prices and employment, and other economic factors.

Caution should be exercised in any attempt to combine the amounts in the statement with the public debt outstanding for that would involve not only duplication but would be combining things which are quite dissimilar. As indicated by the enclosed statement, there are \$107.8 billion of public debt securities held by Government and other agencies as part of the assets that would be available to meet future losses. The following examples illustrate the need for extreme caution in using data on the contingencies and other commitments of the United States Government.

1. The Federal Deposit Insurance Corporation had insurance outstanding as of June 23, 1958, the latest available, amounting to \$129 billion. The experience of the Federal Deposit Insurance Corporation has been most favorable. During the period this Corporation has been in existence, premiums and other income have substantially exceeded losses which has permitted the retirement of Treasury and Federal Reserve capital amounting to \$289.3 million (all repaid to Treasury), and the accumulation of \$1.9 billion reserve as of June 30, 1958. The Corporation's holdings of public debt securities as of that date amounted to \$2 billion which already appears in the public debt total. Out of \$255.6 billion of assets in insured banks as of June 23, 1958, the latest available, \$68.8 billion are in public debt securities (also reflected in the public debt). The assets, both of insured banks and the Federal Deposit Insurance Corporation, as well as the continued income of the Corporation from assessments and other sources, stand between insured deposits and the Government's obligation to redeem them.

2. The face value of life insurance policies issued to veterans and in force as of June 30, 1958, amounted to \$43.6 billion. This does not represent the Government's potential liabilities under these programs since some of these policies will probably be permitted to lapse and future premiums, interest and the invested reserves amounting to \$6.9 billion of public debt securities should cover the normal mortality risk.

3. Under the Federal Reserve Act of 1913, as amended, Federal Reserve notes are obligations of the United States which, as of June 30, 1958, amounted to \$25.9 billion. The full faith and credit of the United States is behind the Federal Reserve currency. These notes are a first lien against the \$51.5 billion of assets of the issuing Federal Reserve banks which includes \$25.4 billion of Government securities already included in the public debt. These notes are specifically secured by collateral deposited with the Federal Reserve agents which, as of June 30, 1958, amounted to \$17.4 billion in Government securities and \$12.3 billion in gold certificates.

Long-range commitments and contingencies of the U.S. Government as of June 30, 1958

[In millions of dollars]

Commitment or contingency and agency	Gross amount of commitment or contingency	Public debt securities held by Government and other agencies
Loans guaranteed or insured by Government agencies:		
Agriculture Department:		
Commodity Credit Corporation.....	1,428	-----
Farmers' Home Administration: Farm tenant mortgage insurance fund.....	2175	-----
Commerce Department: Federal Maritime Board and Maritime Administration.....	79	-----
Export-Import Bank of Washington.....	53	-----

See footnotes at end of table.

Long-range commitments and contingencies of the U.S. Government as of June 30, 1958—Continued

[In millions of dollars]

Commitment or contingency and agency	Gross amount of commitment or contingency	Public debt securities held by Government and other agencies
Loans guaranteed, etc.—Con.		
Government agencies—Con.		
Housing and Home Finance Agency:		
Federal Housing Administration:		
Property improvement loans.....	320	70
Mortgage loans.....	22,291	409
Office of the Administrator: Urban renewal fund.....	131	-----
Public Housing Administration.....	3,109	-----
International Cooperation Administration: Industrial guarantees.....	4157	-----
Small Business Administration.....	9	-----
Treasury Department:		
Reconstruction Finance Corporation liquidation fund.....	4	-----
Defense Production Act of 1950, as amended.....	7	-----
Federal Civil Defense Act of 1950, as amended.....	3	-----
U.S. Information Agency: Informational media guarantees.....	9	-----
Veterans' Administration.....	17,010	-----
Defense Production Act of 1950, as amended.....	254	-----
Total loans guaranteed or insured by Government agencies.....	44,049	539
Insurance in force:		
Agriculture Department: Federal Crop Insurance Corporation.....	6260	-----
Commerce Department: Federal Maritime Board and Maritime Administration.....	78	-----
Export-Import Bank of Washington.....	3	-----
Federal Deposit Insurance Corporation.....	7128,694	2,034
Held by insured commercial and mutual savings banks.....	-----	768,825
Federal Home Loan Bank Board: Federal Savings and Loan Insurance Corporation.....	41,589	294
Held by insured institutions.....	-----	3,088
Veterans' Administration: National service life insurance.....	42,080	5,714
U. S. Government life insurance.....	1,545	1,144
Total insurance in force.....	214,249	81,100
Obligations issued on credit of the United States: Postal Savings certificates:		
United States Postal Savings System.....	1,213	1,206
Canal Zone Postal Savings System.....	6	6
Total postal savings certificates.....	1,219	1,212
Other obligations: Federal Reserve notes (face amount).....	25,863	25,433
Undisbursed commitments, etc.:		
To make future loans:		
Agriculture Department: Commodity Credit Corporation.....	3	-----
Disaster loans, etc., revolving fund.....	1	-----
Farmers' Home Administration: Loan programs.....	9	-----
State rural rehabilitation funds.....	2	-----
Rural Electrification Administration.....	795	-----
Development Loan Fund.....	101	-----
Export-Import Bank of Washington: Regular lending activities.....	1,424	-----

See footnotes at end of table.

Long-range commitments and contingencies of the U.S. Government as of June 30, 1958—Continued

[In millions of dollars]

Commitment or contingency and agency	Gross amount of commitment or contingency	Public debt securities held by Government and other agencies
Undisbursed commitments, etc.—Continued		
To make future loans—Con.		
Housing and Home Finance Agency:		
Office of the Administrator:		
College housing loans.....	275	
Public facility loans.....	23	
Urban renewal fund.....	258	
Public Housing Administration.....	248	
Interior Department:		
Bureau of Commercial Fisheries: Fisheries loan fund.....	1	
Defense Minerals Exploration Administration: Defense Production Act of 1950, as amended.....	5	
International Cooperation Administration: Loans to foreign countries.....	4,240	
Small Business Administration.....	74	
Treasury Department: Reconstruction Finance Corporation liquidation fund.....	1	
Veterans' Administration (veterans' direct loan program).....	26	
Total undisbursed commitments to make future loans.....	4,486	

See footnotes at end of table.

Long-range commitments and contingencies of the U.S. Government as of June 30, 1958—Continued

[In millions of dollars]

Commitment or contingency and agency	Gross amount of commitment or contingency	Public debt securities held by Government and other agencies
Undisbursed commitments, etc.—Continued		
To purchase mortgages:		
Agriculture Department: Farmers' Home Administration: Farm tenant mortgage insurance fund.....	1	
Housing and Home Finance Agency: Federal National Mortgage Association: Secondary market operations.....	75	
Special assistance functions.....	1,084	
Total commitments to purchase mortgages.....	1,160	
To guarantee and insure loans:		
Agriculture Department: Farmers' Home Administration: Farm tenant mortgage insurance fund.....	9	
Commerce Department: Federal Maritime Board and Maritime Administration.....	140	
Housing and Home Finance Agency: Federal Housing Administration.....	5,306	

See footnotes at end of table.

Long-range commitments and contingencies of the U.S. Government as of June 30, 1958—Continued

[In millions of dollars]

Commitment or contingency and agency	Gross amount of commitment or contingency	Public debt securities held by Government and other agencies
Undisbursed commitments, etc.—Continued		
To guarantee and insure loans—Continued		
Defense Production Act of 1950, as amended.....	124	
Total commitments to guarantee and insure loans.....	5,579	
Unpaid subscriptions: International Bank for Reconstruction and Development.....	2,540	

¹ The Corporation finances part of its activities by issuing certificates of interest to private lending agencies. The outstanding amount of \$244,000,000, as of June 30, 1958, is included in this figure.
² Includes accrued interest.
³ Represents the Administration's portion of insurance liability. The estimated amount of insurance in force and loan reports in process as of June 30, 1958, is \$1,175,000,000. Insurance on loans shall not exceed 10 percent of the total amount of such loans.
⁴ The Export-Import Bank of Washington acts as agent in carrying out this program.
⁵ Represents deferred participations.
⁶ Represents estimated insurance coverage for the 1958 crop year.
⁷ Figures are as of June 23, 1958.
⁸ Excludes accrued interest.
⁹ Includes public debt securities amounting to \$17,420,000,000 that have been deposited with the Federal Reserve agents as specific collateral.
 NOTE.—The above figures are subject to the limitations and precautionary remarks, as explained in the note attached to this statement.

Statement of transactions relating to authorizations to expend from public debt receipts as of Dec. 31, 1958

Accounts	Balance of authorizations at beginning of fiscal year 1959	Net additional public debt authorizations granted by Congress through Dec. 31, 1958	Total advances made from July 1, 1958 through Dec. 31, 1958	Repayments made during fiscal year 1959 which affected borrowing authorizations	Cash refundings during fiscal year 1959 (nonadd)	Repayments made during fiscal year 1959 which do not affect borrowing authorizations	Net change [(4) - (5)]	Unused authorizations Dec. 31, 1958 [(2) + (3) - (8)]	Net amount due Treasury Dec. 31, 1958
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Commodity Credit Corporation.....	\$2,972,000,000.00		\$3,055,000,000.00	\$2,430,000,000.00			-\$625,000,000.00	\$2,347,000,000.00	\$12,153,000,000.00
Export-Import Bank of Washington:									
Regular.....	4,492,000,000.00		463,800,000.00	153,900,000.00			-309,900,000.00	4,182,100,000.00	1,817,900,000.00
Transferred from RFC ²						\$3,059,779.70			17,341,035.28
Capital stock.....									999,000,000.00
Federal Deposit Insurance Corporation.....	3,000,000,000.00							3,000,000,000.00	
Federal home loan banks.....	1,000,000,000.00							1,000,000,000.00	
Federal National Mortgage Association: Management and liquidating functions.....		-\$103,981,000	26,069,000.00	130,050,000.00	\$50,000,000		103,981,000.00		1,244,309,622.70
Secondary market operations.....	2,250,000,000.00		110,849,622.11	50,664,797.90			-60,184,824.21	2,189,815,175.79	60,184,824.21
Special assistance functions.....	\$2,485,778,706.52		256,209,040.33	10,877,815.02			-245,331,225.31	2,240,447,481.21	390,081,800.04
Preferred stock.....	65,000,000.00							65,000,000.00	71,000,000.00
Federal Savings and Loan Insurance Corporation.....	750,000,000.00							750,000,000.00	
Housing and Home Finance Agency:									
College housing.....	536,143,450.56		94,000,000.00				-94,000,000.00	442,143,450.56	482,856,549.44
Flood insurance.....	500,000,000.00							500,000,000.00	
Public facility loans.....	86,300,000.00		5,500,000.00				-5,500,000.00	80,800,000.00	19,200,000.00
Urban renewal program.....	927,000,000.00		20,000,000.00				-20,000,000.00	907,000,000.00	93,000,000.00

¹ Includes payment of \$1,760,399,886 representing restoration of capital impairments as authorized by Public Law 85-459, approved June 13, 1958.
² Transferred from Reconstruction Finance Corporation pursuant to Reorganization Plan No. 2 of 1954.

³ Balance June 30, 1958, was reduced by \$7,721,893.40 representing fiscal year 1958 portion of the mortgage portfolio financed by earnings, working capital, and purchase discounts.

Statement of transactions relating to authorizations to expend from public debt receipts as of Dec. 31, 1958—Continued

Accounts	Balance of authorizations at beginning of fiscal year 1959	Net additional public debt authorizations granted by Congress through Dec. 31, 1958	Total advances made from July 1, 1958 through Dec. 31, 1958	Repayments made during fiscal year 1959 which affected borrowing authorizations	Cash re-fundings during fiscal year 1959 (nonadd)	Repayments made during fiscal year 1959 which do not affect borrowing authorizations	Net change [(4) - (5)]	Unused authorizations Dec. 31, 1958 [(2) + (3) - (8)]	Net amount due Treasury Dec. 31, 1958
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
International Cooperation Administration:									
Loan to Spain	\$580,583.04		\$210,699.09			\$1,913,546.74	\$-210,699.09	\$369,883.95	\$51,335,678.19
Mutual Defense Assistance program	310,335.28					9,682,254.32		310,335.28	1,100,795,778.26
India emergency food aid						1,223,423.10			22,995,512.59
Industrial media guarantee	199,071,521.50							199,071,521.50	
Public Housing Administration	1,465,000,000.00		55,000,000.00	\$55,000,000.00				1,465,000,000.00	35,000,000.00
Rural Electrification Administration	848,000,000.00	\$434,500,000	220,000,000.00			50,495,300.39	-220,000,000.00	1,062,500,000.00	2,897,256,349.59
St. Lawrence Seaway Development Corporation	43,300,000.00		11,300,000.00				-11,300,000.00	32,000,000.00	108,000,000.00
Secretary of Agriculture:									
Farmers' Home Administration:									
Regular loans		229,500,000	95,000,000.00			135,258,042.89	-95,000,000.00	134,500,000.00	177,602,567.14
Farm tenant-mortgage insurance loans	27,515,000.00		7,820,000.00	1,460,000.00			-6,360,000.00	21,155,000.00	8,845,000.00
Farm housing loans	400,000,000.00		35,000,000.00			5,827,431.64	-35,000,000.00	365,000,000.00	59,963,341.43
Secretary of the Treasury:									
Federal civil defense	249,130,000.00			30,000.00	\$100,000		30,000.00	249,160,000.00	840,000.00
U.S. Information Agency:									
Informational media guarantee	11,187,610.67		2,111,000.00	1,732,236.00			-378,764.00	10,808,846.67	17,178,764.00
Veterans' Administration:									
Veterans' direct loan program		97,766,135	97,766,135.00				-97,766,135.00		877,844,131.00
Defense Production Act of 1950, as amended:									
Export-Import Bank of Washington	5,430,974.30	-7,500,000	311,631.79	2,749,495.45			2,437,863.66	368,837.96	27,131,162.04
General Services Administration	316,300,000.00	30,000,000	270,000,000.00	110,000,000.00			-160,000,000.00	186,300,000.00	1,598,700,000.00
Secretary of Agriculture	7,733,000.00		174,000.00		2,084,000		-174,000.00	7,559,000.00	58,807,000.00
Secretary of the Interior	8,800,000.00		1,000,000.00				-1,000,000.00	7,800,000.00	31,000,000.00
Secretary of the Treasury	31,090,000.00	-15,500,000	610,000.00	4,370,000.00	15,400,000		3,760,000.00	19,350,000.00	162,750,000.00
Unallocated	7,234,000.00	-7,000,000						234,000.00	
International Bank for Reconstruction and Development	2,540,000,000.00							2,540,000,000.00	635,000,000.00
International Monetary Fund									950,000,000.00
International Finance Corporation									35,168,000.00
Credit to the United Kingdom						50,928,414.94			3,419,393,157.00
Total	25,224,905,181.87	657,785,135	4,827,731,128.32	2,950,834,344.37	67,584,000	258,388,193.72	-1,876,896,783.95	24,005,793,532.92	29,632,480,272.91

* Payment of \$1,732,236 representing partial restoration of realized impairment to the capital used in carrying on the authority to make informational media guarantees, as provided in sec. 1011 of the U.S. Information and Educational Exchange Act of 1948, as amended, was authorized by Public Law 85-766, approved Aug. 27, 1958.

Mr. ROBERTSON. Mr. President, last of all, let me say that on Monday I inserted in the RECORD the figures furnished by the Home and Housing Administrator on the Sparkman bill, as then introduced. I was discussing the bill as introduced, as compared with the figures proposed by the Administrator. Some changes were made in the bill, and they result in a reduction by approximately \$100 million of the impact on the 1960 cash budget. That is a reduction in loans to be made for veterans' housing. Therefore, I ask unanimous consent to have printed in the RECORD the complete comparison, furnished me on yesterday by the Administrator, of the committee bill and of the Administration's position. The figures still show, however, that from the standpoint of obligatory authority, the committee bill is one billion, two hundred and some-odd million dollars more.

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

Mr. DIRKSEN. I yield.

The PRESIDING OFFICER (Mr. DODD in the chair). The Senate is still proceeding in the morning hour, and the 3 minutes available to the Senator from Illinois have been consumed.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that I may proceed for an additional 3 minutes.

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

Mr. DIRKSEN. Mr. President—

Mr. SPARKMAN. Mr. President, a parliamentary inquiry: Has the unanimous-consent request of the Senator from Virginia—to make certain insertions in the RECORD—been agreed to?

The PRESIDING OFFICER. It has.

Mr. SPARKMAN. I was on the floor, and wished to reserve the right to ob-

ject, not for the purpose of attempting to prevent the publication of the figures in the RECORD, but in order to have an opportunity to make brief remarks.

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

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

Mr. DIRKSEN. Mr. President, I have the floor; and I yield first to the Senator from Virginia.

Mr. ROBERTSON. Mr. President, I hope I shall be permitted to receive the question which my colleague, the Senator from Illinois, wishes to ask, and then to reply to it.

Then, inasmuch as the chief patron of the bill wishes to ask a question, I hope that opportunity will also be afforded.

Mr. DIRKSEN. Mr. President, at this time I yield to the Senator from Illinois [Mr. DOUGLAS].

Mr. DOUGLAS. Mr. President, my question is this: In the total of over \$200 billion of potential obligations on the part of the Government, how much of that amount is for the guarantee of bank deposits, how much is for the guarantee of insurance on FHA, and how much is for the guarantee of insurance on Veterans' Administration?

Mr. ROBERTSON. The figure for bank deposits is \$194 billion. That is the largest item. Then insurance is included. As I have said, those are items which we do not think will become actual liabilities.

Mr. DOUGLAS. So the actual obligations of the Federal Government are not as great as the extremely large, global figure originally cited by the Senator from Virginia would indicate. Is that correct?

Mr. ROBERTSON. Yes. The Treasury Department calls attention to all these things, and says they must not be treated as actual liabilities, nor must they be confounded with the national debt. It is just a summary of the liabilities. We cannot say that one is a potential liability and another one is not. When the Government has extended its credit, all of them must be included.

Mr. SPARKMAN. Mr. President, will the Senator from Illinois yield to me?

Mr. DIRKSEN. I yield.

The PRESIDING OFFICER. The additional 3 minutes granted the Senator from Illinois have expired.

Mr. DIRKSEN. Then, Mr. President, I yield the floor.

Mr. SPARKMAN. Mr. President, may I be recognized?

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. SPARKMAN. Mr. President, I have hurriedly looked at the figures the distinguished chairman-to-be of our committee has submitted. The Senator from Indiana [Mr. CAPEHART] has casually looked at them, too.

I wish to say that I do not wholly agree as to their accuracy; and if the Senator from Virginia will, for the time being, hold up putting them into the RECORD, I think we might have an opportunity to check the figures a little more carefully, a little later.

In the meantime, Mr. President, I should like to make a brief comment: When the Senator from Virginia gives the totals for the two programs, of course he does not state the difference between the bill as reported to the Senate and the proposal of the Administration in the case of additional FHA insurance authorizations. The Administration figure for that item was \$2 billion in excess of the amount called for by the bill as it was reported, and \$4 billion in excess of what my bill proposes.

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

Mr. SPARKMAN. I yield.

Mr. CAPEHART. Mr. President, in order to keep the record and the facts straight—because the figures the able Senator from Virginia has were prepared by the Federal Housing Administration—let me say they were prepared earlier yesterday morning, after the Sen-

ate Banking and Currency Committee had reported the bill at 6:30 p.m. the day before; and it was impossible for anyone to get all the facts regarding what was contained in the bill as then reported. For that reason, and in order to be fair to the Federal Housing Administration, and not get into the RECORD any figures which are not accurate, I suggest that the figures be held up for several hours until they can be rechecked, because I believe the Administration has now rechecked its figures, and finds—after the officials were able to read the bill and read the report and understand exactly what is contained in them—that there have been some changes.

Mr. ROBERTSON. Mr. President, in view of the statement made by our distinguished colleague, the Senator from Indiana [Mr. CAPEHART], who is the ranking Republican member of our committee—I refer to his statement that the Republican head of this Administration had furnished me figures which are not accurate—I withdraw my request, and later shall resubmit the figures for the RECORD.

Mr. CAPEHART. I did not say that, at all; I merely said that when the figures were compiled, they were given from memory, and were not taken from the actual records; and I see nothing to be lost by holding up the figures for several hours, until the actual facts can be determined.

Mr. ROBERTSON. Mr. President, I shall hold them up; but I believe that sooner or later the actual figures should be placed in the RECORD, because I quoted the figures in my brief remarks on Monday, and the bill has since been changed, and I asked for a revision. These are the revised figures; and now we shall get the latest edition.

Mr. CAPEHART. No one wishes to keep the figures out of the RECORD. We want them to go into the RECORD. But we would like to make sure about them.

Mr. ROBERTSON. Mr. President, I understand that consent was given to my request to have printed in the RECORD the report by the Treasury Department on indirect obligations, and also the report on authorized borrowings.

The PRESIDING OFFICER. That is correct.

Mr. CAPEHART subsequently said: Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. CAPEHART. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a statement I have prepared as to the effects upon the Treasury of the money to be provided in the bill, and two charts prepared for me by the Housing and Home Finance Agency.

Mr. SPARKMAN. Mr. President, may I ask the Senator from Indiana a question? Is this the corrected copy the Senator from Virginia was talking about this morning?

Mr. CAPEHART. These are the corrected figures, based upon a close analysis of the bill, which it was not possible to make until yesterday afternoon, when final action was had on the bill by the committee.

Mr. SPARKMAN. Does the Senator have an extra copy, which we may use on this side of the aisle?

Mr. CAPEHART. There are plenty of copies available. I thought a copy had been placed on every desk. If not, I will see that the Senator gets one.

Mr. SPARKMAN. We do not seem to have a copy. I should like very much to have one.

Mr. CAPEHART. There is supposed to be a copy on each desk.

Mr. LANGER. Mr. President, I ask that the colloquy and the insertions in the RECORD be printed at the appropriate place in the discussion. It occurs to me that about an hour ago we were discussing this matter, and that would be a proper place for the insertion.

Mr. SPARKMAN. Yes. Even beyond that, the Senator from Indiana and the Senator from North Dakota were engaged in an exchange about 10 or 15 minutes ago. It would seem to me to be well to have the insertion in the RECORD made at that point.

Mr. CAPEHART. Mr. President, I ask unanimous consent that this colloquy and the insertions be printed in the RECORD at the appropriate point earlier in the discussion.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Indiana?

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

STATEMENT BY SENATOR CAPEHART

On behalf of myself and others, I shall offer 10 amendments to Senate bill 57, the housing bill.

The purpose of some of these amendments is simply to make the bill more workable from an administration standpoint. Most important, however, are amendments dealing with appropriations and authorizations and their effect on the fiscal affairs of this country.

To begin with, I doubt if ever before there has been proposed legislation before the Congress about which there has been as much misunderstanding and as many unfactual statements as there are on this bill.

The facts about this bill with respect to its draining effect on the U.S. Treasury and on the budget are as follows, based on estimates of the officials of our housing agencies who have all of the facts:

1. If Senate bill 57 is passed as reported from the Senate Banking and Currency Committee, the drain on the Treasury would be approximately \$240 million in fiscal 1960.

2. If the Senate accepts the amendments which I will offer, the drain on the Treasury will be only approximately \$5 million.

My position is that because of the tremendous demand on the Treasury for money from every direction, we can well afford to reduce proposed new projects and authorizations to lesser amounts without hindering our housing program.

The largest item in the bill is for urban renewal and constitutes more than \$2 billion of the \$2,900,000,000.

This program, of course, was first approved in the housing law of 1949 but was not actually activated until the housing law of 1954 under the Eisenhower administration.

Specifically, the more important reductions proposed in my amendments are:

To eliminate any new authorizations for public housing because we already have sufficient authorizations to finance this program

for the next 12 months and because we still have 115,000 units not completed or occupied. To eliminate \$300 million in direct loans to veterans.

This proposal is based on the almost unanimous opinions of those who have studied the situation and are in a position to know the facts that the proposed increase in the

interest rates on veterans loans to 5¼ percent will provide the realistic incentive under which private institutions will absorb all VA mortgages.

Housing and Home Finance Agency—Proposed housing legislation—Comparative summary of amounts provided for grants, loans, and insurance or guarantees in administration and Senate committee bills

[In millions]

Purpose	New obligational authority		Budget expenditures									
			Fiscal year 1960		Fiscal year 1961		Fiscal year 1962		Fiscal year 1963		Total	
	Admin-istration	Senate	Admin-istration	Senate	Admin-istration	Senate	Admin-istration	Senate	Admin-istration	Senate	Admin-istration	Senate
For grants												
Urban renewal grants:												
Fiscal year 1959	\$100.0	\$350										
Fiscal year 1960	250	350										
Fiscal year 1961	250	350										
Fiscal year 1962	250	350										
Fiscal year 1963	200	350										
Fiscal year 1964	200	350										
Fiscal year 1965	200											
Subtotal, urban renewal grants	1,450.0	2,100			\$4.0	\$8.0	\$20.0	\$45.0	\$40.0	\$75.0	\$64.0	\$128.0
Relocation payments				\$3.25		8.0	2.0	12.0	5.0	15.0	7.0	38.25
Urban planning assistance ¹	10.0	10.0	\$1.0	1.1	2.2	2.5	3.3	3.5	1.9	2.1	8.4	9.2
Farm housing research ¹		.225		.04		.08		.08		.02		.22
Public housing, annual contributions		13.0								13.0		13.0
Scholarship grants ¹		1.5		.5		.5		.5				1.5
Defense hospital grants ¹		15.0		2.5		5.0		5.0		2.5		15.0
Subtotal for grants	1,460.0	2,139.725	1.0	7.39	6.2	24.08	25.3	66.08	46.9	107.62	79.4	205.17
For loans:												
Urban renewal advances			3.6	7.0	12.0	16.0	11.0	14.0	10.0	13.0	36.6	50.0
Urban renewal temporary loans					15.0	20.0	15.0	20.0	15.0	20.0	45.0	60.0
Public housing, planning and construction				21.0								21.0
College housing, direct loans	200.0	400.0			125.0	140.0	75.0	240.0		20.0	200.0	400.0
College classrooms, etc., direct loans		125.0		5.0		25.0		90.0		5.0		125.0
VA direct loans		300.0		200.0		100.0						300.0
Subtotal for loans	200.0	825.0	3.6	233.0	152.0	301.0	101.0	364.0	25.0	58.0	281.6	956.0
Total for grants and loans	1,660.0	2,964.725	4.6	240.39	158.2	325.08	126.3	430.08	71.9	165.62	361.0	1,161.17

Insurance and guarantee authorities

Administration Senate

For insurance and guarantees:		
Urban renewal, guarantee of nonresidential loans for urban redevelopment		\$125.0
College classrooms, etc., guarantee of college loans for construction of classrooms and other academic facilities		\$125.0
Federal Housing Administration, general mortgage insurance authorization	(1)	10,000.0

¹ New obligational authority when actually appropriated.
² In addition, about \$870,000,000 will remain to be paid out in following 38 to 40 years.

³ Provides new form of loan assistance within existing authorizations; no increase in obligational authority or expenditures.

⁴ Administration bill would provide temporary increase of \$6,000,000,000 followed by permanent legislation eliminating ceiling on insurance authorization.

AWARD TO SENATOR MUNDT BY INTERNATIONAL HOUSE OF NEW YORK

Mr. KEATING. Mr. President, on January 27, 1959, there was an impressive ceremony held here at Washington at which our distinguished colleague the Senator from South Dakota [Mr. MUNDT] was given an award by International House of New York. I ask unanimous consent to have printed at this point in the RECORD a press release covering these proceedings, including therein the citation to the Senator from South Dakota.

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

WASHINGTON, D.C.—International House of New York today honored Senator KARL MUNDT, of South Dakota, for his service in initiating the Smith-Mundt Act in 1948. The citation was presented by Mr. Howard A. Cook, president, and signed by Mr. John J. McCloy, chairman of the board of trustees.

Former Senator H. Alexander Smith of New Jersey was previously honored at an awards

dinner held in New York City in November. MUNDT was unable to attend the New York dinner and received the citation today in special ceremonies at the Capitol.

The citations to Smith and MUNDT were part of a 10-year anniversary observance held by International House.

International House is a residence and program center for graduate students studying in New York City as part of the educational exchange programs. The Smith-Mundt Act established the cooperative exchange program between the United States and foreign countries. Voice of America was also established by the Smith-Mundt legislation.

Attending the award luncheon today were representatives of the United States Information Agency, the Department of State, International House, and other organizations which have contributed to the success of exchange programs.

The citation to Senator MUNDT reads:

"Devoted from birth to South Dakota, yet widely traveled in Europe and the Middle East, active exponent of fraternal relations, academic and nonacademic, promoter of the art of effective debate as teacher, organizer and national president of the National Forensic League, champion of conservation, U.S. Senator from South Dakota, dur-

ing the last 10 years after an equal number of years of energetic service in the U.S. House of Representatives, benefactor to international education as author of the congressional resolution of 1945 which led to the formation of the U.S. Educational, Scientific, and Cultural Organization:

"In honor of your crucial service 10 years ago in initiating the Smith-Mundt Act, the general basic authority for a cooperative exchange program between the United States and other countries, International House expresses in this citation our warm and deep appreciation on behalf of the world of students and scholars."

The text of Mr. Cook's remarks in presenting the citation follows:

"Last fall, Senator MUNDT, you will recall that I issued an invitation to you and Senator Smith to attend a dinner in your honor in New York City so that the trustees and students of International House could honor you for your work in the exchange-of-persons program.

"We thought it was particularly appropriate because 1958 was the 10th anniversary year of the Smith-Mundt Act. At that time we had a very nice presentation. Senator Smith was there with 11 Smith-Mundt students who were living at International

House and it was a gala occasion and we missed you.

"In fact, we are very sorry you couldn't be there. On the other hand, it's fortunate in some regards because it makes possible this particular meeting with this wonderful group here who all have very firm convictions about the importance of the exchange-of-persons program.

"It seems to me that by initiating this act, you and Senator Smith added a new dimension to our foreign policy by helping to increase the number of students and scholars and leaders coming to the United States to study and enabling others to go abroad. Because this legislation has been so important, together with other acts; the Fulbright Act and the many private acts, International House felt that it would like to honor you and Senator Smith for your work in this field.

"And it's a great pleasure for me at this time to present this citation to you on behalf of the board of trustees and students at International House."

Acceptance remarks of Senator MUNDT follows (excerpts):

"I think each of us (Senator Smith and Senator MUNDT) feels that probably numbered among the things which we have achieved or hope to achieve * * * we rank right at the top the passage of the Smith-Mundt Act.

"And we believe, and I know you believe that * * * the cementing of human relations * * * is the best weapon for peace that we have. An ancient philosopher one time said that the many you don't like are the many you don't know, and I think people like Americans when they come to know them and that Americans find that people in other countries have a great many more similarities than they have dissimilarities.

"If we can cement and harness those similarities in international understanding, I think we can ultimately avert permanently * * * war."

IMPORTS OF CERTAIN WOOL PRODUCTS

Mr. MUNDT. Mr. President, I call attention to the fact that the National Wool Growers Convention meeting in Oregon on January 29 adopted unanimously a resolution, which has been sent to me by telegram, through the courtesy of Mr. R. A. Smiley, president of the Western South Dakota Sheep Growers Association.

The telegram reads as follows:

We are advised Treasury Department rescinding countervailing duties on imports subsidized wool tops from Uruguay. Available trade information indicates subsidization these exports requiring countervailing action under section 303 our Tariff Act has not been eliminated. This action will further weaken wool market which is already depressed to lowest point in 17 years. We therefore urge your assistance in having Secretary of Treasury defer action until industry can be heard and facts developed. Unless prevented this action will undoubtedly increase cost of National Wool Act.

R. A. SMILEY,

President, Western South Dakota Sheep Growers Association.

May I simply add that the producers of wool, lamb, and sheep products have been having tremendous and growing difficulties as a result of importations. I think the request of the woolgrowers' association is very pertinent, plausible, and persuasive, when they simply ask

the right to be heard before a change is made which will result in a still further increase in the imports of wool.

CODE OF ETHICS FOR HOLDERS OF PUBLIC OFFICE IN NEW YORK CITY

Mr. JAVITS. Mr. President, I call the attention of the Senate to the proposed code of ethics for city employees and city legislators of the city of New York. I ask unanimous consent that the news story relating to it, as well as the text of the code from today's New York Times, be made a part of my remarks.

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

[From the New York Times, Feb. 4, 1959]

NEW ETHICS CODE FOR PUBLIC OFFICE SUBMITTED TO CITY—COUNCIL COMMITTEE DEFINES CONFLICTS OF INTEREST—CIVIL PENALTIES URGED

(By Charles G. Bennett)

All 225,000 officials and employees of New York City would be held to rigid standards of conduct under a new code of ethics proposed yesterday.

Along with the new code there would be a complete revision of the conflict-of-interest provisions—section 886 of the city charter.

The new section 886 would seek to clarify conflicts of interest, make specific the provisions now considered vague and reduce the likelihood of improper practices by city officers and employees.

The code of ethics was unveiled yesterday by the city council as the result of a 2-year study of its six-man special committee on standards and ethics. Councilman Morris J. Stein, Brooklyn Democrat, is chairman of the committee.

HEARING SET ON FEBRUARY 19

S. Stanley Kreutzer served as counsel to the committee. Mr. Kreutzer described the new program yesterday as "the first general municipal ethics code of its kind in the United States."

Mayor Wagner also hailed the code as representing largely his views of assuring and maintaining fitness for public service in New York City.

[From the New York Times, Feb. 4, 1959]

TEXT OF THE PROPOSED CODE OF ETHICS FOR THE CITY'S EMPLOYEES

(Following are the essential portions of a proposed amendment to sec. 886 of the New York City Charter defining conflicts of interest for city officers and employees. Also, the complete texts of three local laws that would establish a code of ethics for all city employees, set up a board of ethics and restrict the appearances before city agencies of former employees. All were made public yesterday.)

AN ACT TO AMEND THE NEW YORK CITY CHARTER, IN RELATION TO CONFLICTS OF INTEREST

The people of the State of New York, represented in Senate and Assembly, do enact as follows:

SECTION 1. Section 886 of the New York City Charter is hereby amended to read as follows:

"SEC. 886. Conflicts of interests prohibited.

"(1) No councilman or other officer, employee or person whose compensation or salary is payable in whole or in part from the city treasury—

"(a) shall or become interested directly or indirectly in any manner whatsoever ex-

cept by operation of law in any business dealings with the city;

"(b) shall act as attorney, agent, broker or employee for any person, firm or corporation interested directly or indirectly in any manner whatsoever in business dealings with the city;

"(c) shall accept any gift, service, loan, thing or promise of value from any person, firm or corporation which, to his knowledge, is interested directly or indirectly in any manner whatsoever in business dealings with the city;

"(d) shall represent private interests before any city agency;

"(e) shall appear as attorney or counsel or give opinion or evidence against the interests of the city in any litigation to which the city is a party.

"(2) As used in this section, the words 'business dealings' shall mean—

"(a) any contract, work or business with the city, or the performance of or litigation arising out of or involving any such contract, work or business, or the sale or acquisition of any property, the expense, price of consideration for which is payable to or from the city treasury or by any assessment levied pursuant to law;

"(b) or the purchase, lease, rental or letting of, or grant of license or permit in relation to, any real or other property belonging to or taken by the city, or which shall be sold for taxes or assessments, or by virtue of legal process or any provision of law by or at the suit of the city.

"(3) This section shall not be construed—

"(a) to prohibit a councilman or other officer or employee from being affiliated with, employed by, or representing a person, firm, or corporation whose business dealings with the city form an insubstantial part of its total business: *Provided*, That he has no direct or indirect interest in such business dealings and receives no part of the benefits thereof and takes no active part in connection therewith;

"(b) to prohibit a councilman or other officer or employee from appearing before any agency upon matters only incidentally requiring official action which do not develop into a substantial part of the employment: *Provided*, That he has not been retained for the purpose of appearing before the agency: *Provided further*, That the compensation in whole or in part is not contingent or dependent upon action by such agency;

"(c) to prohibit a councilman from appearing without compensation before any city department or agency in behalf of constituents or in the performance of public, official, or civic obligations.

"(4) For the purpose of this section, the word 'agency' shall include the New York City Housing Authority and the Triborough Bridge and Tunnel Authority.

"(5) Any violation of any of the provisions of this section shall, at the option of the controller, render forfeit and void the contract, work, business, sale, or transaction affected.

"(6) Any violation of any of the provisions of this section shall constitute cause for fine, suspension, or removal from office or employment.

"(7) If, however, any person shall knowingly and intentionally violate any of the provisions of this section, he shall, on conviction thereof, forfeit his office and be punished for a misdemeanor."

SEC. 2. This act shall take effect immediately.

A LOCAL LAW TO AMEND THE ADMINISTRATIVE CODE OF THE CITY OF NEW YORK IN RELATION TO A CODE OF ETHICS

Be it enacted by the council as follows:

SECTION 1. Chapter 40 of the Administrative Code of the City of New York is hereby amended by adding thereto a new section to

follow section 897.1-0 to be section 898.1-0, to read as follows:

"Sec. 898.1-0. Code of ethics.

"(a) Conflicts of interest: No councilman or other officer or employee, whether paid or unpaid, shall engage in any business or transaction or shall have a financial or other private interest, direct or indirect, which is in conflict with the proper discharge of his official duties.

"(b) Representing private interests before city agencies: No councilman or other officer or employee whose salary is paid in whole or in part from the city treasury shall appear in behalf of private interests before any agency, including the New York City Transit Authority, the New York City Housing Authority, and the Triborough Bridge and Tunnel Authority. Councilmen, however, may appear without compensation in behalf of constituents, or in the performance of public or civic obligations.

"This section shall not prohibit appearances upon matters only incidentally requiring official action which do not develop into a substantial part of the employment, provided that the retainer is not for the purpose of appearing before the agency, and provided further that the compensation, in whole or in part, is not contingent or dependent upon the action of such agency.

"No person serving the city without compensation shall appear, either directly or indirectly, on behalf of private interests in matters involving the agency which he serves or before any agency of the city affecting matters involving the agency in which he serves or in any representative capacity against the interests of the city.

"(c) Representing private interests before courts: No councilman or other officer of employee, whether paid or unpaid, shall represent private interests in any action or proceeding against the interests of the city, in any litigation to which the city, the New York City Transit Authority, the New York City Housing Authority or the Triborough Bridge and Tunnel Authority is a party.

"(d) Disclosure by councilman of interest in legislation: A councilman who has a direct or indirect financial or other private interest in any proposed legislation shall publicly disclose, on the official records of the council, the nature and extent of such interest.

"(e) Disclosure by officer or employee of interest in legislation: An officer or employee who, whether paid or unpaid, has a direct or indirect financial or other private interest in any legislation, and who participates in discussion before or gives official opinion to the council, the board of estimate, or the mayor, shall publicly disclose on the official record the nature and extent of such interest.

"(f) Gifts and favors: No councilman or other officer or employee, whether paid or unpaid, shall accept any valuable gift, service, loan, thing, or promise from any person, firm, or corporation with whom or with respect to whom he, or to his knowledge, the city has business dealings, or regarding whom he has the power to take official action.

"(g) Disclosure of confidential information: No councilman or other officer or employee, whether paid or unpaid, shall disclose confidential information concerning the property, Government or affairs of the city. Nor shall he use such information to advance the financial or other private interest of himself or others.

"(h) Investments in conflict with official duties: No councilman or other officer or employee, whether paid or unpaid, shall invest, or hold any investment directly or indirectly in any financial, business, commercial or other private transaction, which creates a conflict with his official duties.

"(i) Incompatible employment: No councilman or other officer or employee, whether paid or unpaid, shall engage in or accept pri-

vate employment or render services for private interests when such employment or service is incompatible with the proper discharge of his official duties.

"(j) Future employment: No councilman or other officer or employee, whether paid or unpaid, shall solicit, negotiate for, or promise to, accept employment, by any person, firm or corporation with which he or his agency is engaged on behalf of the city in the transaction of business or which is or may be affected by his official action."

Sec. 2. Any violation of any of the provisions of this section shall constitute cause for fine, suspension or removal from office or employment.

Sec. 3. This local law shall take effect immediately.

A LOCAL LAW TO AMEND THE ADMINISTRATIVE CODE OF THE CITY OF NEW YORK IN RELATION TO THE BOARD OF ETHICS

Be it enacted by the council as follows:

SECTION 1. The administrative code is hereby amended by adding thereto a new section, to follow section B 1-6.0 to be section B 1-7.0 to read as follows:

"Sec. B 1-7.0. Board of ethics.

"(a) There is hereby created and established a board of ethics to consist of the corporation counsel, the director of personnel and three public members to be appointed by the mayor who shall be domiciled in the city of New York, who shall serve without compensation. The public members shall each serve for a term of 4 years. The members shall elect a chairman.

"(b) The board shall render advisory opinions to officers and employees, with respect to section 898.1-0 of the administrative code of the city of New York. Such advisory opinions shall be rendered pursuant to written request by the officer or employee concerned. The board shall publish its advisory opinions with such deletions as may be necessary to prevent disclosure of the identity of the officer or employee involved."

Sec. 2. This local law shall take effect immediately.

A LOCAL LAW TO AMEND THE ADMINISTRATIVE CODE OF THE CITY OF NEW YORK, IN RELATION TO APPEARANCES BEFORE CITY AGENCIES OF FORMER OFFICERS OR EMPLOYEES

Be it enacted by the council as follows:

Section 1, chapter 40 of the administrative code of the city of New York is hereby amended by adding thereto a new section, to follow section 896.1-0, to be section 897.1-0, to read as follows:

"Sec. 897.1-0. Appearances before city agencies of former officers or employees. No person who has served as officer or employee of the city shall within a period of 2 years after termination of such service or employment appear before any agency of the city or receive compensation for any services rendered on behalf of any person, firm, corporation or association in relation to any case, proceeding or application with respect to which such person was directly concerned, or in which he personally participated during the period of his service or employment, or which was under his active consideration or with respect to which knowledge or information was made available to him during the period of said service or employment. Any violation of this section shall be a misdemeanor."

Sec. 2. This local law shall take effect immediately.

Mr. JAVITS. Mr. President, I call attention to the fact that New York State has pioneered in codes of ethics or conflicts of interest which relate to legislators, as well as to executive department employees.

The State of New York has such a code, and I have outlined that code in intro-

ducing legislation for a Federal code; but the city of New York has come along with a code developed by a man whom I used extensively when I was attorney general—counsel for the New York City Council, S. Stanley Kreutzer.

I should like to invite the attention of the Congress, Mr. President, to the fact that the New York City Code requires a councilman—that is, a member of our city legislative body—who has a direct or indirect financial or other private interest in any proposed legislation, to publicly disclose on the official records of the council the nature and extent of such interest.

Mr. President, I think that is a very interesting and very important contribution in the field of how to deal with conflicts of interest; to wit, public disclosure even on the part of those in legislatures, such as the Senate.

Secondly, there is a prohibition against the acceptance of any valuable gift, service, loan, thing, or promise from any person, firm, or corporation with whom or with respect to whom he, or to his knowledge, the city has business dealings, or regarding whom he has the power to take official action.

I think that, too, is a very excellent guideline for the Congress of the United States and for the executive departments of the Federal Government.

Finally, the code creates a board of ethics, consisting of the principal legal officer of the city of New York, the director of personnel, and three public members appointed by the mayor. The board is empowered to give advisory opinions.

Mr. President, it seems to me these are excellent precedents for conflict-of-interest laws. Again I say I hope very much the Congress will take its duty seriously, will exercise its responsibility upon the highest level in this regard, and will act, and act promptly, upon an effective code of ethics to deal with conflicts of interest. The code which we adopted is a kind of decalog of good conduct, but it is not one effectively, directly, and specifically dealing with conflicts of interest. This is the real question which plagues the Congress. It is the real question the Congress must solve in order to give the people of the country confidence that we are meeting a national issue in the proper way.

My colleague who is waiting to be recognized, the Senator from Missouri [Mr. HENNINGS], is the chairman of the Committee on Rules and Administration. I know the Senator is very much interested in this particular subject, and I commend to him the reading of this new effort on a governmental level to deal with the problem.

Mr. HENNINGS. Mr. President, I will say to the distinguished Senator from New York that I am indeed most interested in the suggestions he has made before the Senate this morning with respect to the code of ethics. I read in the New York Times of this morning, I believe, of the New York State Code. I assure the Senator this is a matter of great interest, and it will have our serious consideration.

JUVENILE WORK AT HIGHFIELDS RECEIVES NATIONAL ATTENTION

Mr. WILLIAMS of New Jersey. Mr. President, all in this Chamber are concerned with the rising number of crimes committed by the juveniles in this Nation. The U.S. Department of Health, Education, and Welfare tells us that 40,000 youngsters are now in the custody of the law in reformatories or correctional schools. Approximately 1 million teenagers will be brought before the courts for delinquency this year alone. The New York Times, in July of last year, conducted a survey, the results of which indicated that delinquency is not limited to big cities. The writers said there were definite indications of an increase in youthful crime in New York City suburbs.

These are sobering facts. I am particularly happy, therefore, that a national television network has, within the past 2 weeks, given the public important facts about the delinquency problem and about the work of an unusual rehabilitation project, the Highfields Residence Center for Delinquents in Hopewell, N.J.

Highfields is operated by the New Jersey State Division of Correction and Parole. Small groups of boys are sent there because they have taken a turn toward delinquency. At Highfields, they meet in a group, an hour and a half each night, 5 nights a week, during their 4-month stay. They talk over their problems under the guidance of a trained leader. Eight out of ten boys, after they leave Highfields, have stayed out of trouble.

The CBS television network, in programs January 18 and January 25, described the delinquency problem on its "The 20th Century" series. Their documentary programs gave a greater understanding of the work at Highfields. The programs also made a very important point. As expressed in words used on the program:

Delinquents are children who don't feel good about themselves. Their lack of self-esteem is reflected in a lack of respect toward others.

Mr. MANSFIELD. Mr. President, is morning business concluded?

The PRESIDING OFFICER (Mr. CANNON in the chair). Is there further morning business? If not, morning business is concluded.

HOUSING ACT OF 1959

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 38, Senate bill 57, the Housing Act of 1959.

The motion was agreed to; and the Senate proceeded to the consideration of the bill (S. 57) to extend and amend laws relating to the provision and improvement of housing and the renewal of urban communities, and for other purposes.

Mr. FULBRIGHT. Mr. President, it has often been said that politics is the art of the possible and that the legislative process is the art of compromise.

The bill now taken up illustrates the wisdom of these observations.

As the debate develops on the Housing Act of 1959, Senators will note that the bill is under attack from the right and the left—that it will be described as inflationary on the one hand and repressive on the other.

The Senate will be reminded, on the one hand, that there is an anticipated deficit of \$12 billion for fiscal 1959, and, on the other, that there was an election in 1958. I acknowledge the truth of both these statements. In reply to the first, I should say that the bill has an insignificant effect on the 1959 budget, that it does provide for increased Federal expenditures in subsequent fiscal years not out of line with housing needs—and housing needs, I should emphasize, are basic human needs.

As to the latter statement—that there was an election in 1958—I should remind my colleagues, who will make this argument, that there was no presidential election in 1958. Furthermore, there will not be another one until 1960—nor a new President until 1961. There is every indication that in the meantime the present incumbent of the Presidency is aware of his veto power, and not averse to using it. It may be, of course, that some people would welcome a veto of the pending bill.

Mr. KUCHEL. Mr. President, will my friend yield to me?

Mr. FULBRIGHT. I yield to the Senator from California.

Mr. KUCHEL. I have as great respect for the able Senator from Arkansas as I have for any other Member of the Senate. I was wondering what the authority was for his statement that the Chief Executive would utilize the veto power.

Mr. FULBRIGHT. If the Senator will listen, I will repeat what I said. I think he misunderstood what I said.

Mr. KUCHEL. That may well be.

Mr. FULBRIGHT. There is every indication that in the meantime the present incumbent of the Presidency is aware of his veto power, and not averse to using it.

I did not say that he would veto the pending bill. I do not believe he would veto the bill before us. However, I think he would be tempted to veto it with some of the amendments being proposed.

Mr. KUCHEL. In other words, what the Senator is saying is that the Chief Executive is aware of his constitutional responsibility.

Mr. FULBRIGHT. Exactly.

Mr. KUCHEL. As each of his predecessors was concerning the President's constitutional rights and duties.

Mr. FULBRIGHT. Exactly; and that he would use the veto power if the bill should get too far out of line with his thinking.

Mr. KUCHEL. I thank the Senator.

Mr. FULBRIGHT. I do not think he would veto the bill before us. I believe he would veto it if it were greatly inflated by amendments. I think the Senator will realize that that is the point I was trying to make.

Personally, I am more concerned with accomplishing work and meeting needs in the light of the practicalities, than with creating issues. Furthermore, I believe the American people are intelligent

enough to realize the difference between a practical approach to housing needs and a political gesture.

I hope Senators will support the Sparkman bill without substantial amendment.

Mr. President, as this is very likely the last bill which will be reported to the Senate by the Banking and Currency Committee while I am chairman, and as it is a housing bill, I wish to take this opportunity to commend the Senator from Alabama [Mr. SPARKMAN] for his devoted efforts in behalf of housing.

No Member of this body knows more about housing than does the Senator from Alabama. No other Senator knows as much about the history of housing, housing needs, and what should be done about housing. As Senators know, he has carried the chief burden, the housing legislation, for the committee for many years. This bill can be defended on that basis, if upon no other. But, as usual, it is a good bill, not only because of his mark upon it, but because of the efforts he has put into it this year, as well as his efforts during the hearings last year.

The chairmanship of the Committee on Banking and Currency has been an interesting assignment for me, and I am reluctant to give up the position. However, I congratulate the Senate and the members of the Committee on Banking and Currency upon their good fortune in having such an experienced and competent member as the junior Senator from Virginia to take over the chairmanship of that committee.

The junior Senator from Virginia came to the Senate in 1946, after many years' experience in the House of Representatives, where I served with him in 1943 and 1944. He is one of the best informed Members of this body on all aspects of banking legislation. His financial institutions bill of the last Congress, for example, was a monumental piece of work, encompassing practically all the important financial institutions of the country. He recommended to the Senate, and the Senate accepted, many important improvements in those institutions.

I believe the junior Senator from Virginia could be characterized as an enlightened conservative. He is not likely to lead the Senate into any radical or unworkable schemes. The Senate and the country can take much comfort from that prospect.

I regret very much giving up the chairmanship of such a fine committee, but my regret is softened by the fact that the position will pass into such competent hands.

I take this opportunity to thank all the members of the committee, and especially the members of the committee staff. It is a very fine staff—a professional staff, in the sense of the Reorganization Act, which was passed some years ago. There are many excellent members of that staff. I thank them for their cooperation while I have been chairman, and for the many instances in which they have been of great assistance to me in connection with particular legislation.

This assignment has been a most interesting one. I feel that through it I have learned a great deal about the business life of our Nation. I learned a great

deal that I certainly did not previously know about some of the most complex aspects of the great country which we serve in this body.

I wish Godspeed to the junior Senator from Virginia.

Mr. ROBERTSON. Mr. President, will the junior Senator from Arkansas yield to me?

Mr. FULBRIGHT. I am glad to yield to the distinguished junior Senator from Virginia.

Mr. ROBERTSON. No one could be more grateful than I am for the very gracious, kind, and flattering remarks which our distinguished chairman has made concerning the ranking Democratic member who is scheduled shortly to succeed him as chairman.

The junior Senator from Virginia is proud, of course, of the honor which will come to him in succeeding to the chairmanship of a great committee. However, he can say in all sincerity that the junior Senator from Virginia and every other member of that committee sincerely regret that we are to lose as chairman our distinguished colleague from Arkansas.

The junior Senator from Virginia has served under three chairmen, two of them Democrats, and one Republican. He is engaging in no invidious comparisons when he says that the legislative program of the past 4 years, enacted under the leadership of the distinguished chairman, the Senator from Arkansas [Mr. FULBRIGHT] has never been surpassed during that 12 year period.

The work of the committee has not only been fair, but it has also been characterized by great harmony. The last 4 years of that work have set an example which the junior Senator from Virginia will do his best to emulate, by handling the work of the committee efficiently and maintaining the fine relationships which have been established between the parties and all of those on the committee who have different economic views.

Again I wish to congratulate the Nation and the members of the Committee on Foreign Relations on the type of outstanding man in the field of foreign relations who is to head that committee, and again to express our genuine regret that we will lose him.

Mr. SPARKMAN. Mr. President, first I ask unanimous consent that during the consideration of the housing bill, two additional members of the staff of the Committee on Banking and Currency be permitted to be with us on the floor in order to assist us.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPARKMAN. With reference to the remarks which have just been made by the Senator from Arkansas and the Senator from Virginia, I wish to join in what the Senator from Virginia has said regarding the fine leadership and cooperation and help all of us on the Committee on Banking and Currency have received from the chairman of the committee, the Senator from Arkansas [Mr. FULBRIGHT]. I came to the committee at the same time the Senator from Virginia became a member, and

we have served under the same chairmanships. First there was the late Senator Tobey, from New Hampshire; then the late and beloved Senator Maybank, of South Carolina; then the Senator from Indiana [Mr. CAPEHART]; and then the Senator from Arkansas [Mr. FULBRIGHT]. We had fine leadership during all those years.

Mr. FULBRIGHT. Mr. President, before any false impression is created, I wish to say that I am not leaving the committee.

Mr. SPARKMAN. I realize that.

Mr. FULBRIGHT. I do not want that impression to be created.

Mr. SPARKMAN. We fully understand that. The Senator will notice that I have always referred to the chairmanship, not to the membership of the committee. Certainly we shall continue to have the advice and help and leadership of the Senator from Arkansas. We shall continue to have his assistance as a member of the committee even though he is giving up the chairmanship.

I wish to join the Senator from Arkansas in what he said in welcoming to the chairmanship which the Senator from Arkansas is vacating, our distinguished colleague, the Senator from Virginia [Mr. ROBERTSON], who has sat between us in the committee meetings during all these years. I know that we will continue to have the same type of leadership and cooperation.

I particularly wish to commend the Senator from Virginia for the outstanding work he has done. He has carried a good part of the terrific load of the work which comes to the Committee on Banking and Currency every year. As a matter of fact, I believe that the Financial Institutions Act, which the Senate passed in the last Congress, was one of the most monumental works ever undertaken by that committee. That was done under the very close leadership and direction of the Senator from Virginia.

I express my appreciation to the Senator from Arkansas for the remarks he has made regarding me. I have had his leadership and cooperation and his help, as I have had of every member of the Housing Subcommittee, and, indeed, of the full Banking and Currency Committee.

I also agree with what he said about the harmonious operation of the committee. We have our differences, but we thrash them out in committee, and we work together very well. I am delighted to note that the Senator from Arkansas [Mr. FULBRIGHT] will continue to be a member of the Banking and Currency Committee.

Finally, I wish to say that I enjoy another association which not all of the members of the Banking and Currency Committee can enjoy, and that is that I will still be serving under the chairmanship of the Senator from Arkansas while he is chairman of the Committee on Foreign Relations, and I look forward to that association with a great deal of interest.

Mr. ROBERTSON. The junior Senator from Virginia wishes to express his deep appreciation for the kind references

to him made by the distinguished Senator from Alabama. Concerning the program the Senator from Virginia anticipates after our friend from Arkansas gives up the chairmanship of the Banking and Currency Committee, the junior Senator from Virginia was asked if he planned any realignment of subcommittees. He said certainly he did not. For instance, he said, as chairman of the Subcommittee on Housing, we have the best posted man on housing on the whole committee, and that in no circumstances would he want to change that chairmanship. The subcommittees will remain the same. The staff will be the same, except that there will be some realignment of duties.

We mean to carry on, as the junior Senator from Virginia has said before, as the Senator from Arkansas has carried on, in a spirit of harmony. Everyone will be given the privilege of expressing his views. The majority will prevail on the legislation which is reported by the committee. The chairman hopes that he will find himself in line with the majority on many issues. If he does not, he hopes there will be no hard feelings. On the floor every Member will vote his convictions, and there will be no hard feelings toward those who differ.

Again the prospective chairman congratulates the chairman of the Subcommittee on Housing. Among the principal activities of the committee will be legislation in the fields of housing and small business. The Senator from Alabama is outstanding in both those fields, and certainly at the present time they are very important fields. We look forward to the handling of housing legislation as it has been handled in the past.

Mr. SPARKMAN. Mr. President, I should like to add one further word with reference to what the Senator has said about the staff of the Committee on Banking and Currency. Capitol Hill is fortunate to have many good staffs, but I say with full confidence in my statement that no committee has a finer staff than does the Committee on Banking and Currency. It is a staff which has been continued from one chairmanship to another, except as some members of the staff have withdrawn or gone on to private work of some kind. We have an outstanding staff, and I wish to compliment it, and at the same time express my gratitude for the fine help the members of the staff have given to us throughout the years.

Now, Mr. President, I wish to speak on the pending housing bill. I shall not speak at great length, although I shall be glad to reply to any questions which may be asked. I simply wish to touch on some of the high points. I realize that I may omit discussing some things in which some Senators may be particularly interested, although I shall not do so purposely. But I shall touch on the parts which I believe may be of the most interest to the greater number of the Members of this body.

First, Mr. President, let me say, as I have previously stated here on the floor, that the bill the committee has reported is a reasonable one. Furthermore, as I

have also stated even about the bill I introduced, although the bill now before the Senate is not the bill I originally introduced, nevertheless the pending bill follows it largely, but excludes, on the one hand, some provisions which the committee thought should be omitted; and includes, on the other, some provisions which the committee thought should be incorporated.

However, by and large the pending bill is the same as the bill I introduced earlier in the session; and, as I have so often said, the pending bill is essentially the bill the Senate passed last year. Last year our committee reported a rather comprehensive housing bill, which came to the floor of the Senate; and on the floor a compromise was worked out. The compromise was fully entered into by Members of the Senate on both sides of the aisle. The distinguished Senator from Indiana [Mr. CAPEHART], the ranking minority member of the full Banking and Currency Committee, and also of the housing subcommittee, participated in the working out of that compromise, which ended in the passage of the bill by the Senate.

The bill I introduced this year was almost identical with that one. There were a few changes, but only in cases in which it was felt it was necessary to make changes in order to take care of obligations which had piled up since that time. For instance, last year it was agreed here that \$150 million additional should be placed in the revolving fund for direct loans to veterans. That figure was set as a result of information which had been given to our committee by the Veterans' Administration—namely, that that much additional money would be required in order to take care of the backlog which had developed up to that time.

This year, when I introduced the bill, instead of providing for \$150 million, I provided \$300 million—again because of information which came to us from the Veterans' Administration to the effect that a sizable backlog had built up. That is one of the changes the committee made.

Other changes were made, but all of them were very much along that line, that is, to bring the bill up to date. For example, \$10 million was provided under section 701 of the bill to provide money for the smaller cities and towns, to assist them in planning their public works and their urban renewal programs.

Mr. ROBERTSON. Mr. President, will the Senator yield at that point, before he leaves the subject of direct loans?

Mr. SPARKMAN. Yes.

Mr. ROBERTSON. Was the \$300 million item in the bill reduced to \$200 million by the committee?

Mr. SPARKMAN. No; it remained at \$300 million.

Mr. ROBERTSON. There was some discussion about it; but it remained at \$300 million?

Mr. SPARKMAN. Yes. The Senator from Virginia was not able to be present at the time we considered that particular item, but I think he will be interested in knowing of a certain development which had taken place in the

House of Representatives. The House Veterans' Affairs Committee had provided for authority to increase interest rates of VA guaranteed loans from the present 4¾ percent to 5½ percent and, coupled with that, had increased the revolving fund for direct loans, by \$300 million.

The Senator from Virginia is aware of the jurisdictional difficulty in dealing with this question in the House. Jurisdiction in the House is divided between two committees, the Veterans' Affairs Committee and the Banking and Currency Committee.

I may say to the Senator from Virginia that our committee agreed to write into our bill the exact wording of the House committee approved bill dealing with this subject, in the hope that if the two Houses of Congress passed identical bills there would be no jurisdictional difficulty this year.

Mr. ROBERTSON. I should like to ask the Senator one other question. Was there any change in the bill of the Senator from Alabama with respect to VA loans that could be used for rural loans that are not now covered?

Mr. SPARKMAN. I would not say they are not now covered, but they are not covered with sufficient funds.

Mr. ROBERTSON. Yes.

Mr. SPARKMAN. I am glad the Senator has raised that point, because it may be that some Senators do not understand that the original law, as I recall it, provided that the loan shall be made only to credit-worthy veterans who live in rural or semirural areas where funds otherwise are not available.

I wish to say, in all frankness, that if we increase the interest rates of VA-guaranteed loans to 5¼ percent, I am of the opinion it will cut down some of the backlog. The full \$300 million may not be required to remove the backlog. However, if funds are not required, they will not be used. The funds can be used only in rural or semirural areas to take care of credit-worthy veterans who are unable to get the money otherwise.

Mr. President, I wish to point out there has been a great deal of talk about how large the amount covered by the bill is and how greatly it differs from the administration bill. As a matter of fact, over the radio this morning I heard a commentator say that our bill asked for three times what the administration requested.

Mr. President, that just is not the case. I bring the matter up at this time to point out that the biggest single difference—certainly so far as cash is involved—between the bill which the committee reported and the bill which the administration proposed, is this very item of \$300 million to provide loans for veterans who live in areas, all over this country, where mortgage money is not available, in order to give them an opportunity to share in a program of decent housing. This has been one of the most successful programs we have had in the whole field of housing. I have stated this many, many times on the floor of the Senate and in committee that I am rather reluctant to state it again, but the idea behind the introduc-

tion of this program of direct VA loans, when I introduced it back in 1950, as I recall, was presented to me by a banker who called attention to the fact that in the smaller communities, towns, and outlying areas, local lenders simply could not take care of veterans who were entitled to decent homes, because mortgage money was not available in such areas.

As a result of the suggestion by the banker, I had a bill prepared. There was some difficulty in getting it passed the first time, but after the program worked for a few years and experience was gained therefrom, we have had no trouble in extending the program from time to time and, in addition, when more moneys were needed for the revolving fund, such moneys were added. This VA direct loan program is one of the best programs we have had. The rate of delinquencies in repayment of the loans has been negligible.

Let me make it clear, this is a loan program. There is no grant involved. Every dollar is to be paid back—and with interest. This means the Government will make a profit. If the provision to raise the interest rate to 5¼ percent is enacted by the Congress and signed into law by the President, it means such loans will bear an interest rate of 5¼ percent, because, under the law, VA direct loans carry the same rate of interest as do VA-guaranteed loans.

Certainly, I believe the direct loan program ought to be kept alive.

As of December 31, 1958, the VA had some 50,000 pending applications for direct loans. These applications were filed by veterans throughout the entire Nation.

Mr. President, very recently a veteran living in my State wrote me in connection with this matter. In his letter he said he simply could not understand the situation in the direct loan program. He stated he had had an application on file for perhaps a year or longer, I do not remember how long. He went ahead to say, "They tell me I am No. 1031 on the list."

This is a case of a veteran in my home State. He has no real hope for a loan in the near future under the present loan authorization. This is a revolving fund and, as things presently stand, this veteran has no hope of getting a direct loan for, perhaps, 2 or 3 more years.

All we are attempting to do by providing these additional funds to the revolving fund is to make it possible to eliminate the present backlog of applications now pending. If all the additional money is not needed, it will not be used, and, therefore, will not represent a charge on the budget of the United States.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point the information which was supplied to the committee by the Veterans' Administration. This information is found on page 625 of the transcript of hearings for this year. The information relates to the VA direct loan program, the backlog of applications for loans, and the additional amount required to satisfy this backlog.

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

VA DIRECT LOAN PROGRAM

Under this program, the Veterans' Administration is authorized to make direct Federal loans to veterans living in remote areas which are not accessible to the normal channels of mortgage credit. The terms of the loan are comparable to those under the VA loan-guarantee program, but for a maximum amount of \$13,500.

STATUS AS OF DEC. 31, 1958

Unencumbered June 30, 1958...	\$5,000,000
Treasury advance July 1, 1958...	50,000,000
Treasury advance Oct. 1, 1958...	50,000,000
Principal repayments anticipated July 1, 1958, to Dec. 31, 1958.....	22,000,000

Total available July 1 to Dec. 31, 1958.....	127,000,000
Loaned or committed (estimated)	127,000,000
Unencumbered balance as of Dec. 31, 1958 (negligible) ¹	

BACKLOG AS OF DEC. 31, 1958

Applicants on waiting list:	
As of May 29, 1958.....	30,600
As of June 30, 1958.....	35,000
As of Dec. 31, 1958.....	50,000

¹A new advance of \$50 million will be made available on Jan. 1, 1959, in accordance with the Emergency Housing Act which authorized \$150 million for fiscal 1959 and 1960.

Because of the lack of funds, the VA refuses to accept any more applications. They so advise the applicant and issue a number which gives him a priority to be effective if and when funds are available. To remove the backlog would require an estimated \$300 million. Each potential application is for an average loan of \$10,000, making a gross estimated total of \$500 million. According to a normal attrition of 40 to 50 percent, the net demand would be \$250 million. If these applications were to continue at the present rate until February 1, 1959, a \$300 million authorization would be a minimum to eliminate the backlog.

Mr. SPARKMAN. This information relates to the status of the direct loan program as of December 31, 1958, and I desire to read one sentence therefrom:

If these applications were to continue at the present rate until February 1, 1959, a \$300 million authorization would be a minimum to eliminate the backlog.

This is not my statement; this is not the statement of the Committee on Banking and Currency; but it is the statement of the Veterans' Administration, which administers this loan program.

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

Mr. SPARKMAN. I yield.

Mr. KUCHEL. Does the Veterans' Administration, in making the statement which the able Senator has just read, equate the figure with a recommendation for a change in interest rates?

Mr. SPARKMAN. No, it does not. I believe the Senator was present when I replied to a question from the Senator from Virginia [Mr. ROBERTSON].

Mr. KUCHEL. Yes.

Mr. SPARKMAN. I said in reply to the question that, frankly, I believe if we increase the interest rates, as S. 57 would provide, it will reduce the need for additional funds to some extent. The reduction would not be great, but increasing

the interest rate would cut down the backlog in some areas. Probably the full \$300 million would not be required.

I also pointed out that if the additional money is not required, the money will not be made available. This is not an appropriation of a specific amount. Therefore, if the money is not used, there will be no impact on the budget.

Mr. President, the Senator from Arkansas made a statement a few minutes ago which I believe we should all bear in mind. This bill has been attacked from one side as being too liberal, as including too much, and as providing too great expenditures or programed outlays. On the other side, the bill has been attacked for not providing enough.

Certainly I can think of some programs I wish we could step up a great deal more than is provided for in this bill. However, I recognize the fact that all of us would like to see a condition come about which will produce a balanced budget. I believe, Mr. President, that we must consider, in connection with this matter, a balanced economy. What we have tried to do in this bill is provide a program which will produce housing.

Practically every statement the administration issues regarding the upturn in the economy—and we all are happy that there has been an upturn—includes something about the upsurge in housing, the tremendous push it has attained over the past several months, and what may be expected during 1959.

Mr. President, in this regard, the Emergency Housing Act of 1958, which we passed in the Senate and which the President signed on the last day under the law he was allowed to sign it—and he signed it grudgingly—is very important. If it had not been for the law enacted during the last session, I suggest the upturn in the economy would not have been anything like we had experienced. The upturn would not have come as early as it did, and certainly the upturn would not have had the great proportion experienced thus far.

Pursuant to the Emergency Housing Act of 1958, I suggest that between 200,000 and 300,000 houses were built which otherwise would not have been built. Surely you agreed this legislation was a good investment. The cost outlay of a billion dollars, from the standpoint of the budget, represented a good investment. There were no grants in this legislation. Not a dime was provided for grants. The legislation provided for a billion dollars for loans, with respect to which the Federal National Mortgage Association made a great deal of money.

That is another thing of which many people lose sight. The Federal housing program, which is the largest part of our housing program, has not cost the Federal Government 1 penny. The several million houses which have been constructed through the medium of FHA financing during the time the agency has been in existence—24 years—have not cost the Government, nor the taxpayer for that matter, any money. The FHA has paid for itself. In addition it has built up a reserve of nearly \$700 million.

A moment or so ago I said something about authorizing an additional billion

dollars for the Federal National Mortgage Association in the Emergency Housing Act of 1958. I wonder if it is generally known and understood that the Federal National Mortgage Association buys mortgages? These mortgages bear interest and are paid off, and during the time the Federal National Mortgage Association has been in operation, it has made a clear profit of nearly a quarter billion dollars.

When the Senator from Virginia [Mr. ROBERTSON] was present I mentioned that one of the changes in the bill which I introduced and in the bill as reported from the committee, as compared with the provisions in the bill which the Senate passed last year, was with respect to the \$300 million for direct loans to veterans. I was about to speak of another change in the bill and now contained in the committee bill; namely, the \$10 million to enable small cities and towns to make surveys and to do planning in connection with public improvements, public works, urban renewal, and other plans of that type.

In 1954, we provided \$5 million for the section 701 program. In 1956, we increased the authorization by an additional \$5 million—a total of \$10 million.

This program has now been in operation for about 5 years. The authorization is about exhausted. There remains only \$975,000 to be appropriated. Nine million twenty-five thousand dollars has been spent or allocated, and \$975,000 remains to be appropriated. We thought we ought to add \$10 million to that fund, so we put that amount in the committee bill when the administration bill also contained an additional \$10 million for this program. So there is no difference between the committee bill and the administration's bill in connection with the authorization for the 701 program.

This additional authorization will cause no immediate impact on the budget, because this item has already been budgeted for 1960; that is the \$975,000, the amount which remains in the existing authorization.

It is rather interesting to study the impact of the bill on the budget. A great many people think it would shatter the budget, and break it down. As a matter of fact, it would have virtually no effect upon the budget for 1959, and very little upon the budget for 1960. In fact, if the item for the VA direct loans, that is, the additional \$300 million, is not considered as a budget expenditure—and it really should not be carried in the budget, because it is not an expenditure, but a loan, an investment—Senate bill 57, as reported by the committee, is only some \$30 million higher than the amount the administration recommended to our committee. I do not believe that most people understand this to be true, but nevertheless, it is.

Mr. CLARK. Mr. President, will the Senator yield at that point?

Mr. SPARKMAN. I am glad to yield to my friend from Pennsylvania, who is one of the hardest and ablest workers on our housing subcommittee.

Mr. CLARK. I thank my friend for his kind comment.

I should like to emphasize what the Senator has just said, because I agree with him that the press of the country and the people of the country do not understand what very minor differences there are between Senate bill 57, the bill which the Senator from Alabama has drafted and piloted through the Banking and Currency Committee with such skill, and the administration proposal, which the committee—correctly, in my judgment, at least—rejected.

Is it really true that if we eliminate the \$300 million for direct veterans' loans—every cent of which, as the Senator pointed out, will be repaid to the Treasury—the Senator's bill would cost only \$30 million more than the administration bill?

Mr. SPARKMAN. In the 1960 budget?

Mr. CLARK. Yes.

Mr. SPARKMAN. I was only discussing the impact on the 1960 budget, because so much has been said about throwing the budget out of balance.

Mr. CLARK. I invite the Senator's attention to a table which appears on page 61 of the report of the committee. I take it from what he says that that table, which was submitted to the committee by HHFA is not correct, because that would show, as an additional expenditure by reason of Senate bill 57, some \$233 million. I was a little skeptical of that table.

Mr. SPARKMAN. I think I can explain that. The administration states that if our bill passes as it has been reported, \$200 million will be spent for veterans' loans. In other words, the administration estimates that it will not spend the full \$300 million, but will spend only \$200 million, and that \$200 million is included in the administration figure of some \$230 million.

Mr. CLARK. The administration makes no distinction between money put out on a loan basis, which will be paid back, and money which is put out as a grant, or an expenditure for services, and does not come back.

Mr. SPARKMAN. The Senator is correct.

I do not direct any criticism at the administration for doing that. The trouble is with our system of bookkeeping. I wish we could devise a new system of bookkeeping for the Federal Government. No business would keep books in the manner in which the Government keeps books. The \$1 billion which we made available last year to the Federal National Mortgage Association, with which to buy up mortgages, was invested—every cent—in moneymaking mortgages so far as the Government was concerned. Yet this \$1 billion is carried as though it had been spent, never to be recovered.

Mr. CLARK. If the Senator will yield further, I should like to make the observation that not only would no well-operated business keep its books in the obsolete method utilized by the Federal Government, but no well-operated city does it. Every city of which I have any knowledge whatever—certainly my own city of Philadelphia—has separated its capital budget from its operating budget. I believe that if the Federal Government

were to bring its budget procedures into line with those of the majority of well-operated cities in the United States, we would be a great deal better off.

Mr. SPARKMAN. Recently, there was published in one of the national magazines—I believe it was U. S. News & World Report—an article which discussed this very subject; namely, the manner of keeping the Federal Government budget. There was a chart which showed that if there were a division between expenditures—that is, money spent, not to be recovered—and capital investments—that is, the \$1 billion in FNMA mortgages, for example—instead of the budget being out of balance this year, it would be balanced, and next year we would have several billion dollars left over.

Mr. AIKEN rose.

Mr. SPARKMAN. The Senator from Vermont seems to have become interested. I made a remark which he may not have caught. I am not saying this in criticism of the administration. What I am saying is that it is most unfortunate that we have the system of bookkeeping which we have—a system which does not take into account such things as investments in home mortgages, which have actually resulted in money being made. A moment ago I gave figures showing that during its operation the FHA had built up a surplus of about \$700 million profit, and that the FNMA, during its operation, had built up a profit of about \$250 million. Nearly \$1 billion has been made in the housing operation by those two agencies alone.

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

Mr. SPARKMAN. I yield.

Mr. AIKEN. The Senator has answered the question I was about to ask him, with respect to the repayment of the housing loans and the present standing of the Government on the profit and loss statement.

What the Senator is saying, I take it, is that the assets of the Government, and consequently of the taxpayer, are increasing at a much faster rate than the liabilities.

Mr. SPARKMAN. I think that is an absolutely sound statement. That does not take into account what has been a very fine and profitable operation in the VA guarantee program, under which mortgages have been handled by the Veterans' Administration, and not necessarily through the Federal National Mortgage Association.

Mr. AIKEN. It is proposed to strike out direct loans to veterans in rural and sparsely settled areas. After a great deal of difficulty some counties were made eligible for loans. But if we must go home and explain to them that, although they were made eligible for loans last year, we have decided not to make any loans at all this year, I am wondering just what the reaction will be. I understand that whether a county is eligible depends on the capital wealth of the county.

Mr. SPARKMAN. On the availability of mortgage money.

Mr. AIKEN. Yes. In some counties there may be a colony of extremely well

to do people who, because of their own personal income, would disqualify everyone in the entire county from receiving a direct loan. It makes for a very difficult situation. Most people would still be in favor of direct loans, but, because of the fact that there are a few people living in the county who are well-to-do, the whole county, and all the people living in it, would be disqualified from receiving direct loans. Therefore I am wondering, if provisions for direct loans to veterans living in rural or sparsely settled areas of the country are stricken, how we will be able to explain it to the people when we go home.

Mr. SPARKMAN. Just a little while ago I placed in the CONGRESSIONAL RECORD a statement which was based on information obtained from the Veterans' Administration. That information showed that as of December 31, 1958, there was a backlog of 50,000 applications from veterans living in rural and semi-rural areas. The information also showed that if applications continued to be received at the present rate until February 1, 1959, \$300 million in authorizations would be the minimum amount that would be required to eliminate the backlog.

Mr. AIKEN. Has the Senator from Alabama any information showing what the record of repayment is on that type of loan? I refer to direct loans in the rural areas. What is the record of repayment of those loans as compared with the repayment of other type of loans?

Mr. SPARKMAN. If that information is not contained in this year's hearings, I know that it was contained in the hearings of last year. It is one of the most remarkable things that has ever been accomplished. I refer to the record of repayment. It was shown then that the cases in default were almost negligible. We must remember that VA loans carry a rate of interest which gives a profit to the U.S. Government.

Mr. AIKEN. Another reason why I have a particular interest in this phase of the loan provisions is that there are so many people who are presently living in undesirable quarters in cities and who would like to get outside the cities and build their homes where they could enjoy better living. If there is no provision for loans for people who wish to acquire land and to build a home in the rural or sparsely settled areas of the country, they will be sentenced to living in those city areas, and perhaps will have to depend on urban renewal to some extent, but under conditions other than those which are preferable and desirable.

Mr. SPARKMAN. I have before me a brief statement on that point which was made during the hearings this year. I wish I had a more complete breakdown. However, Mr. William J. Driver, Acting Chief Benefits Director of the Veterans' Administration gave us this testimony:

To date, nearly 6 percent of the direct loans have been repaid in full; 6 percent have been sold to private investors, and it has been necessary to foreclose on only a little over one-half of 1 percent of the direct loans made.

Mr. AIKEN. I know that the Senator from Alabama has been very much interested in the rural development program, which is designed to make the best possible use of hundreds of thousands of small farms which have become uneconomic, and make the best possible living for the people who live on those farms. If there is no provision made for loans for those rural areas, the little farms will probably grow into brush, and our whole rural development program will be given a setback. That is what is likely to happen if no provision is made for direct loans to veterans in those areas.

Mr. SPARKMAN. I believe the Senator is correct.

Mr. AIKEN. We hear a great deal of talk that, "You can go out and get the money at 5½ or at 5¼ percent." That does not work out that way, however.

Mr. SPARKMAN. It would not matter whether the interest rate were 10 percent. There would still be some areas of the Nation where mortgage money would not be available.

Mr. AIKEN. There are some areas where the small local banks simply cannot provide the means for making those loans. There are other areas where they do not want to bother with them.

Mr. SPARKMAN. I shall repeat something I said a little while ago before the Senator came into the Chamber. I introduced legislation which established the VA direct loan program in 1950. One day I had received a letter from a banker at Tusculumbia, Ala. He was a smalltown banker. He said in his letter, "Our bank has always tried to serve this community. We believe that the veterans who are coming back from service are entitled to share in the housing program." He said, "However, a small bank like this can only carry a small number of mortgages in its portfolio, and we cannot get mortgage investors to come in. I believe that in cases like that the Federal Government ought to provide a direct loan."

Acting on that suggestion I had legislation drawn which, as I have said, I introduced in 1950.

Mr. AIKEN. Some people who object to making direct loans in rural areas might also object because, as they say, "If people build homes 10 miles out of town, we will have to build public roads for them to get them into town, and that will cost money. We may even have to run rural electrification lines out to them, and perhaps even provide schools, or at least make arrangements to transport their children to school." Some people will object to all these things because other people like to raise a family and have a home that is not located in a crowded district in a city, but, instead, a few miles out in the country, where they can walk on land they own and where they can take pride in its ownership and pride in being American citizens.

Mr. SPARKMAN. I am glad that the Senator from Vermont made that statement. I agree with him completely.

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

Mr. SPARKMAN. I am glad to yield to the Senator from Indiana.

Mr. CAPEHART. There is no question about the fact that both the Senator from Alabama and I, and others, are interested in having GI's get loans to build houses. The question at the moment, as I see it, is whether it is not better—and I believe it is—for them to get their loans through private industry.

Mr. SPARKMAN. Yes.

Mr. CAPEHART. If the interest rate is going to be the same on direct Government loans and loans from private industry.

Mr. SPARKMAN. Yes, I agree that I would much rather see it that way.

Mr. CAPEHART. All of us would much rather see that.

Mr. SPARKMAN. Yes.

Mr. CAPEHART. The Veterans' Affairs Committee of the House has increased the interest rate to 5¼ percent, and the Senate Committee on Banking and Currency has increased the rate to 5½ percent in the bill which we are considering. I believe it is the best judgment of everyone I have talked to about the subject—and it makes sense to me—that with a 5¼ percent interest rate, there will be more buyers of veterans' mortgages at 5½ percent than there will be mortgages, whether we are talking about a small town or a big town, because, as the able Senator will agree, a veteran's mortgage, which is guaranteed by the Federal Government—and in case of default is immediately payable in cash—is preferable to an FHA mortgage.

Mr. SPARKMAN. I believe it is.

Mr. CAPEHART. Therefore, I believe the whole argument is based upon the question, under existing conditions, when there is such a great demand for taxpayers' money, and a great demand on the Treasury from every direction, for things needed, whether this is not one of the places where we could, at least for the next few months, see if private industry cannot buy these mortgages and thereby relieve the Treasury of the obligation, and help a little toward balancing our budget and reducing our expenditures. That is the problem. I have not found any member of the committee or anyone else who is not sincere and conscientious in his desire to help the veteran. But the veteran, likewise, is a taxpayer. He, too, wants the Government to have a balanced budget. I think he would prefer to sell his mortgage to private industry than to the Government, because a lot of redtape is involved when he borrows directly from the Government. Therefore, I shall recommend strongly—and shall offer an amendment later to that effect—the elimination of direct loans at this time, and to try out such a procedure for a period of 6 months.

Mr. SPARKMAN. I agree with what the Senator from Indiana says about the desirability of private investors supplying the money for mortgages. Furthermore, I am quite certain that with the interest increase it will be possible to get the VA guaranteed mortgage program off the ground and moving again.

Mr. CAPEHART. As was done a year ago.

Mr. SPARKMAN. I said earlier that I felt an interest rate increase would perhaps cut down the demand for VA direct loans. But there is one item I wish to call to the Senator's attention: First, VA direct home loans cannot be made to any veteran who can get money at any price—not merely at the 5¼-percent rate, but at any price. That is the law. If money is available to the veteran at 6 percent, he cannot come to the Veterans' Administration and say, "I want your mortgage, because otherwise I will have to pay 6 percent." In other words, if the veteran can obtain money, he cannot get a direct loan.

Mr. CAPEHART. Is it the opinion of the able Senator from Alabama, then, that even though we provide for \$300 million, if that is the purpose, or \$200 million, or \$150 million, or even \$100 million, very little of it, if any, will be used?

Mr. SPARKMAN. Will the Senator please restate his question?

Mr. CAPEHART. Is it the Senator's opinion that even though we provide in the bill for \$300 million, \$200 million, \$150 million, \$100 million, \$50 million, very little of it, if any, will be used as a result of the increase in the interest rate?

Mr. SPARKMAN. Let us use the Administration's figures on that. The Administration gives us these figures, which are found on page 61 of the report. If \$300 million is voted and the 5¼-percent interest rate increase is voted, it is the estimate of the Administration—

Mr. CAPEHART. Is that the Veterans' Administration?

Mr. SPARKMAN. These figures are furnished to us by the Housing Agency. I assume they obtained the figures from the Veterans' Administration. The Housing Agency estimates that there would be \$200 million spent on VA direct home loans. That amount is included in the figure which the Senator from Indiana has been using.

Mr. CAPEHART. If it is voted.

Mr. SPARKMAN. That is correct.

Mr. CAPEHART. The reason why we are taking a little time on this subject is that it is one of the items in dispute between the proponents of the bill we are considering and the proponents of the amendment which it is planned to offer.

Mr. SPARKMAN. I had said earlier that this is really the biggest single item of difference. I may have gone too far a while ago when I said "at any price."

Mr. CAPEHART. If we eliminate the \$300 million, then the impact or the drain upon the Treasury in the fiscal year 1960, as between the bill which is being considered and the so-called administration bill, would be only about \$35 million.

Mr. SPARKMAN. Thirty or thirty-five million dollars; that is correct.

Mr. CAPEHART. That is the only big difference between the proposals. If we could eliminate that item, the only argument then would be over the amount of \$30 million or \$35 million. There will be other years when there will be differences.

Mr. SPARKMAN. Even then, the difference will not be too great.

Mr. CAPEHART. It will not be too great.

Mr. SPARKMAN. I may have gone too far a while ago when I said "at any price." I would say it does have to be competitive. But if the money is available at a competitive interest rate, then the borrower can get a direct loan.

The second point I wish to make is that in the bill we continue the VHMCP for 2 years. That is the voluntary arrangement whereby private insurance companies, investment bankers, and others, agree to assist in this program. In other words, we are doing everything we can to push private money into these areas. I said earlier that if the demand is not present, the money will not be used. It is not appropriated.

Mr. CAPEHART. We are all trying to keep the budget in balance. If we could eliminate the \$300 million, we would be only about \$35 million apart, and the proposed legislation would call upon the Treasury for only about \$35 million.

Mr. SPARKMAN. The Senator is correct.

Mr. CAPEHART. We would not be too far apart, if we could decide simply to eliminate the \$300 million, or perhaps reduce the amount to as little as \$50 million.

Mr. SPARKMAN. Is the Senator proposing to eliminate the assistance that we give to the country boys?

Mr. CAPEHART. No; I do not agree with the Senator on that.

Mr. SPARKMAN. We would be eliminating from the program assistance to the country boys who are veterans. We would exclude them from loans.

I should like to remind you that this program involves no grants and no cost. The program actually makes money. I am simply not willing to eliminate the country boys. I would much rather eliminate some other phase of the program.

I am much more interested in seeing the veterans out in the country given some opportunity to have decent housing than I am in raising the price level for the finest homes in town to \$20,000. I do not think it is right to tell a country boy, who is a veteran of the Second World War or the Korean war, that he cannot have a \$10,000 house.

Mr. CAPEHART. Would the Senator be willing to limit the program to veterans who live in the country?

Mr. SPARKMAN. It is already limited to rural and semirural areas.

Mr. CAPEHART. Why not limit it to farmers who live in small towns having a population of, say, 2,000 or under? Those are the people we are discussing.

Mr. SPARKMAN. No. The law has been operating well now for 9 years under a definition we all understand, and it relates to rural and semirural areas. It provides credit to veterans who live in rural and semirural areas, and who cannot obtain credit otherwise. I think that is a satisfactory definition, and certainly is sufficiently restrictive.

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

Mr. SPARKMAN. I yield.

Mr. AIKEN. I should like to contribute first hand knowledge. Vermont is a

rural State and would be one of the big losers if direct loans to rural areas were discontinued. The average loan in the rural areas of my State is \$6,000. The loan average in the rest of the country is \$10,000. If those who are opposed to making loans in rural areas really want to save money for the Government, they should make all loans in rural areas, because they would be making loans of \$6,000 instead of \$10,000.

I have been reading statements in the newspapers by persons who are opposed to making loans to veterans in rural areas.

I do not see why we should, under any circumstance, discriminate against a veteran who lives in a rural area. To do that would be one of the worst things we could do for the country and one of the worst things we could do for the veterans.

In this connection I would like to ask a question: It is assumed by those who are opposed to rural loans that money will be available at 5¼ percent. Was any assurance given to the committee that the money would be available at 5½ percent once rural loans were discontinued by the Federal Government?

Mr. SPARKMAN. No. As a matter of fact, the testimony before the committee—I do not remember whether it was in the hearing this year or the hearing last summer—by persons who represent the mortgage bankers and investment people, who chip in and set up a voluntary program, was that in spite of all they would be willing to do, there would still be a need for the direct-loan program.

Mr. AIKEN. Would not the discontinuance of loans in rural areas be an incentive to raising the interest rates to the maximum amount permitted by the States, plus such service charges as might also be made?

Mr. SPARKMAN. Of course, that is true; but I go back to the fact that there is a scarcity of money available in those areas. The largest single lending group in the country, so far as home mortgages are concerned, are the savings and loan associations. I believe they carry a higher percentage of mortgages than any other group. But the FHA-insured and VA-guaranteed mortgage funds are made available by mortgage bankers and large insurance companies and similar large investment funds. Most of these lenders are in New York City, Hartford, Philadelphia, and cities like that. They are not interested in making loans in small rural places. Of course, they do not mind making a loan in Birmingham, Ala., where they probably have their own representatives.

But if I were to ask them to go to Dale County, perhaps, which is a small rural county, or to Lawrence County, or to any other county, they would not be interested primarily because they have no way of servicing the loan in such counties.

Mr. AIKEN. That is correct.

Mr. SPARKMAN. I wish to say, to their credit, that many of the companies joined together and established the VHMCP, a voluntary program for making loans; and they have tried to penetrate these areas insofar as pos-

sible. However, they have only a limited amount of funds, even when they have combined their resources. Their testimony is that, despite all they are able to do, the direct-loan program is still needed in order to reach certain areas which they simply cannot reach.

Mr. AIKEN. Furthermore, the record shows that more persons can be decently housed by the expenditure of the same amount of money in rural areas than in urban areas.

Mr. SPARKMAN. Certainly that is true.

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

The PRESIDING OFFICER (Mr. WILLIAMS of New Jersey in the chair). Does the Senator from Alabama yield to the Senator from Indiana?

Mr. SPARKMAN. I yield.

Mr. CAPEHART. Someone has said that we are discriminating against the veterans—

Mr. SPARKMAN. I did not say that.

Mr. CAPEHART. I realize that; some others have said it. However, the fact is that we are not discriminating against the veterans. In fact, we are discriminating against the other groups in the population by giving the veterans an advantage.

Mr. SPARKMAN. No; as I view the situation, we are simply trying to equalize the opportunities.

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

Mr. SPARKMAN. I yield to the senior Senator from North Dakota, who, I may say, was most helpful in the writing of similar legislation for direct loans to farmers for decent housing.

Mr. LANGER. Let me ask the distinguished Senator from Alabama what percentage of such loans the veterans who live in the rural areas have been receiving during the last 9 years.

Mr. SPARKMAN. I am sure the Senator knows that all of the money in this program goes to veterans living in rural areas or in small towns. If the Senator is inquiring about what direct loan funds go to veterans living on farms, I do not know. About the size of this program related to the overall housing program, it would be hard to compare, because this is a direct-loan program, whereas the other programs are insurance or guarantee programs. The FHA insurance program is approximately \$30-odd billion, and the VA guarantee program involves some \$24 billion of loan guarantee for direct Government loans to veterans in rural areas or small towns. The figure is \$1 billion. It is only one-thirtieth of the FHA program and about one-twenty-fourth of the VA guarantee program. So it would be only a small percentage of the whole.

Mr. LANGER. Yes. The Senator from Alabama knows that if it had not been for the direct loans by the Government last year the farmers would not have been able to obtain such loans.

Mr. SPARKMAN. Yes; and that is why last year I proposed legislation to take care of the situation, which the Senator from North Dakota joined in sponsoring; and he was quite instrumental in getting it through.

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

Mr. SPARKMAN. I yield.

Mr. CAPEHART. The point is that all of us are in sympathy with the veterans and also with the farmers; and we wish to do the right thing. But we wish to start on this proposed legislation—I am sure the Senator from Alabama has the same thought—being the first piece of major legislation of this session, by seeing whether we can remove enough authorizations or appropriations, without either hurting our people or hindering the program, to make it possible to balance the budget. That is what we are trying to do. We are not attempting to hurt or to hinder anyone; our purpose is simply to help the 170 million Americans by keeping down the expenditures and the budget, so it will not be necessary to raise taxes.

So we are not attempting to hinder the program. Instead, our endeavor is to find whether we can delay some items for a period of time, without hurting anyone or any group, and at the same time get a balanced budget, and perhaps a little surplus. That is what I am interested in. I am not interested in hindering any program, and I know the able Senator from Alabama feels the same way about the matter.

Mr. SPARKMAN. Mr. President, the Senator from Indiana knows how I worked in the committee to try to hold this program to what I consider to be reasonable limits; and—as I have stated earlier—after all, this bill represents essentially what was agreed to here last year between the distinguished Senator from Indiana and myself and other Members who participated in that compromise settlement.

Mr. CAPEHART. I believe that is a correct statement.

Mr. SPARKMAN. Yes.

Mr. CAPEHART. However, I think circumstances today are different, because today there is a greater demand on the Government for missiles and rockets and to meet the military threat of our enemy. So I believe we must take that factor into consideration, and must see whether we can, in the case of every bill which comes before us this year, cut off some of what I shall call, for lack of a better description, the fat, or find some way by which we can eliminate a little of the proposed expenditures without hurting the programs.

Here is one instance of that sort, I believe; and we are endeavoring to have a balanced budget and, possibly, reduced expenditures, because I believe the country will be better off if we operate on that basis.

Mr. SPARKMAN. As I stated earlier, I favor a balanced budget; but I want it in connection with a balanced economy.

Mr. CAPEHART. That is correct; and I agree.

Mr. SPARKMAN. I do not believe we should sacrifice the one for the other.

Mr. CAPEHART. I am 100 percent in agreement that we should not. But I believe we can have a balanced economy and also a balanced budget.

Mr. SPARKMAN. Furthermore, as the Senator from Indiana may recall,

earlier I pointed out that all of these loans are profit making; and I deplored the bookkeeping system the Government has, which does not permit these expenditures to be shown as capital expenditures, rather than just as dead-end expenditures, inasmuch as the Senator from Indiana knows they are not dead-end expenditures at all.

Mr. CAPEHART. I agree. As I said to the press, I know of no piece of proposed legislation about which there has been so much misunderstanding and so many unfactual statements as there have been about the housing bill which now is before us.

On the facts, which speak for themselves, we are not too far apart; and I believe that before we get through—and I know the able Senator from Alabama will be very, very helpful—all Members of the Senate will demonstrate their good, common sense, and thus will make it possible to eliminate from this housing bill the items which are not essential, but which can be eliminated without hindering the bill at all. After they are eliminated, I believe we shall have one piece of legislation which will add very little—although, of course, it will add a little—to the drain on the Treasury, which has a tendency to put the budget out of balance.

Mr. SPARKMAN. At this time, let me say—in reply to the question the Senator from North Dakota asked me a few minutes ago—that I now have before me some figures which bear on the question he asked. I refer now to page 609 of the hearings, from which I shall read a brief statement which was included in the testimony received from the Veterans' Administration:

From the beginning of the direct home loan program in mid-1950 through December 1958, we have made 126,850 direct loans amounting to nearly \$956 million—

I guessed that the correct figure was \$1 billion; and, obviously, I did not miss by very much the exact amount—

to veterans in rural areas and in small cities and towns where private mortgage funds for guaranteed home loans have not been generally available.

Mr. LANGER. I thank the Senator from Alabama.

Mr. SPARKMAN. Mr. President, a while ago I said the FHA itself has incurred contingent obligations in excess, I believe, of \$30 billion, and is requesting additional authority by means of this bill. The FHA has requested \$12 billion. My bill proposes \$8 billion. The committee struck a balance between the two at \$10 billion. So, under the terms of this bill, the FHA will receive \$10 billion of additional authorization; and we may very well assume that in another year or year and one-half the FHA may have engaged in contingent obligations amounting to more than \$40 billion. But it is \$1 billion direct loans to veterans as opposed to \$30 billion for FHA and \$24 billion VA-guarantee program. That does not take into account all the other different housing programs. So it is a very small percentage of the whole.

Now, Mr. President, I shall move on rapidly to some of the other matters contained in the bill. A great many per-

sons are interested in the home improvement plan and the continuation of that program. It has been one of our most successful programs. Under the bill, the program would be continued for about 15 months. It is due to expire on June 30 of this year. Under the bill, it is continued until September 30, 1960, which will give us ample time next year to consider it, and perhaps to continue it for a longer period of time. My own feeling was that it might have been well to continue the program for 5 years. However, it is a program to which nobody objects. Those interested in the program may well be assured that it will be continued from time to time.

Something has been said here by Senators about the speed with which the bill was brought to the floor. I commented on it yesterday. I shall not say more except to call attention to the fact that, even though the bill is an omnibus bill, it contains about four matters which I consider to be urgent—and, as a matter of fact, three of which the administration considers to be urgent, because the administration submitted a request, in the very beginning of the Congress, asking Congress to authorize those three emergency matters.

The committee decided it would be better to place all of the subjects in one bill and get housing legislation behind us for the year. That is the reason why the committee brought the bill to the floor so quickly.

I spoke about the FHA authorization. FHA is going to be unable to insure loans after about the middle or the last part of this month. The agency will have run out of funds. Therefore, it is urgent that legislation covering its needs be enacted. That is one of the requests of the administration. The bill authorizes less than the request made.

Another item is college housing loans. The administration requested additional authority for that purpose. By the way, \$200 million was requested immediately. The administration is going to submit a program later which will request more funds.

That is another point I wish to make. When some persons take hold of the bill and try to ascertain the difference between the amount authorized in the bill and in the administration bill, they overlook a very significant point—that the administration, in submitting its program, has left several items out, saying they would be submitted later. The amount desired by the administration for college loans will be submitted later. It does not appear in its proposal. It makes the bill, as reported by the committee, look as though we are asking for \$200 million more than the administration is requesting when, as a matter of fact, the committee may not be asking for as much as the administration is.

The same is true with respect to loans for nursing homes. There are a good many hundreds of thousands of persons in this country who live in nursing homes. They are elderly people, or people of all ages who, because of some disability, require nursing care and a degree of medical care, but not sufficient medical care to require their stay in hospitals, so they live in nursing homes.

I think the conscience of the country has been shocked in recent months by some of the terrible fires which have broken out in nursing homes and the loss of life which has resulted.

The American Hospital Association, the American Medical Association, and the American Nursing Association have asked the committee to include provision for nursing homes in the bill. At first the committee was reluctant to do so. I felt it was a matter which was within the jurisdiction of the committee over which my senior colleague from Alabama [Mr. HILL] is chairman, the Senate Committee on Labor and Public Welfare. But I took the matter up with him and his committee, and they agreed that the matter should be taken care of in our bill. In fact, they asked us to adopt some of the language which was proposed in that committee.

So it is difficult to compare the two bills, because the committee bill is complete and in several instances the proposals submitted by the administration are not complete.

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

Mr. SPARKMAN. I yield.

Mr. LANGER. If in Birmingham, Ala., it was desired to have a nursing home, what would be the procedure, under the bill, for getting one?

Mr. SPARKMAN. Let me say, generally and briefly, it would have to be shown, through the proper agency in the State of Alabama, which would be the State health department, that there was need for the nursing home. Second, it would have to be shown that there was a regular State licensing system which assured proper sanitation, proper care, and such matters. In other words, it would have to be a genuinely approved nursing school, under the best standards.

Mr. LANGER. Would any matching of funds be involved?

Mr. SPARKMAN. No; only borrowing is involved; no grants are provided. The bill permits FHA to insure up to 75 percent of the value of the property. The borrowing, of course, is from private funds. The FHA would insure the loan. By the way, the maximum rate of interest which would be permitted under this program would be 5 percent with authority for the FHA Commissioner to increase the rate to 6 percent.

It is not what one could call a liberal program at all. It is a new program, and I think a very good one. We have provided for the safety standards which have been suggested to the committee by the American Medical Association, the American Hospital Association, and the American Nursing Association. We incorporated into the bill even some of the language proposed by the Department of Health, Education, and Welfare.

Mr. LANGER. It seems to me the provision is not liberal at all.

Mr. SPARKMAN. It is not liberal, but it is what was requested.

Mr. LANGER. In other words, the nursing home would have to find someone willing to lend it \$250,000 or \$300,000, and the FHA would guarantee 75 percent of the loan?

Mr. SPARKMAN. I believe the testimony was that the average cost of a

nursing home is \$25,000. So there would have to be raised the amount of \$60,000 or \$65,000. Then someone would take a mortgage for the remainder, and the FHA would insure the loan. It is a program which will enable people in nursing homes to get out of fire traps and get decent, serviceable, efficient facilities.

Mr. LANGER. Why, may I ask, will the Government insure only 75 percent of the loan?

Mr. SPARKMAN. It was all the association asked for or wanted.

I stated the Government was asking for three emergency matters: The increase in the FHA insurance authorization, college housing loans, and capital grant funds for urban renewal. We decided the thing to do was to put all of this in one bill, especially since the Senate passed on the matter last summer. We wanted to get it over with and get the housing problem behind us. I think there is ample logic for the position we took.

We tried to increase the incentives for rental housing, for cooperative housing, and for urban renewal housing.

We tried to increase the incentive for rental housing primarily for the reason that there is a dearth of rental housing being built throughout the country now. A great many communities need rental housing. In my own home town of Huntsville, Ala., there has been a great influx of population and a tremendous increase in the demand for housing due to the location of the Redstone Arsenal. There is practically no rental housing available. The community got along pretty well with the sales housing, but it is all that can be done to keep up with the sales housing. A great many people come to the community who will be there only 3 months, 6 months, or a year or so, and they do not want to buy houses. The community simply cannot get enough rental housing built. We have tried to increase the incentive for rental housing.

Mr. President, we tried to step up incentives for rental housing, cooperative housing, and urban renewal housing.

Cooperative housing comes as near as any housing to meeting the needs of the middle income group.

As to the urban renewal housing, we are attempting to get some kind of low-cost housing, housing the people can afford to buy or rent. This is the FHA section 221 housing, which people of relatively low incomes can afford. We have tried to increase the incentives for that type of housing.

We have set up a new program of housing for the elderly. This is a field which has been almost neglected, certainly until recent years. About 3 or 4 years ago the staff of the subcommittee made the first study, so far as I know, as to the needs of housing for elderly persons. I refer Senators to that study for probably the best compilation of information which we yet have had available.

In this program we have tried to set up a program which will make it possible to build housing for elderly persons. The administration proposed a similar

program; but there is a difference between our approach and the administration approach. I desired to mention that, because many of these provisions are about the same.

The administration wanted the housing for elderly persons more or less in colonies. Our committee decided that was not the way to handle the subject, that we should not colonize the elderly people. We thought we should permit the elderly people to live in housing projects where their own children lived and where there were neighbors living. We thought the housing should be suitable for their use. To provide for those benefits, we required that at least 50 percent of the housing in the project should be built so as to be suitable for use by elderly persons.

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

Mr. SPARKMAN. I yield to the Senator from North Dakota.

Mr. LANGER. Will the distinguished Senator explain exactly how this would be done, with respect to an elderly couple? Exactly what would be the procedure?

Mr. SPARKMAN. The biggest single incentive in the matter is that we permit the FHA to insure at 100 percent. In other words, there would be no down-payment required so far as the cost of the house was concerned. We tried to write into the law the cost elements, and tried to require that the housing be planned for elderly persons, with no high steps and everything on one floor. The different parts of the house must be built so as to make the house particularly adaptable to elderly persons.

This is more or less of an experiment, but I believe it is a start, and that we can develop even a better program as we go along.

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

Mr. SPARKMAN. I am happy to yield to the Senator from Vermont.

Mr. AIKEN. The Senator from Vermont is seeking a little more information. Among the proposed amendments there is one which disturbs me considerably, which relates to college housing. Has the Senator from Alabama discussed that subject?

Mr. SPARKMAN. No, I have not discussed college housing. We have a college housing program. I wonder what item the Senator has in mind?

Mr. AIKEN. As I understand, there is an amendment to be proposed which would greatly reduce the amount of money available for loans for college housing, for educational purposes.

Mr. SPARKMAN. Of course, I certainly would be against that proposal. I think the majority of the committee would certainly be against it. We discussed the matter thoroughly in the committee, and the figure as shown in the bill is what the majority of the committee decided upon.

Mr. AIKEN. Does the Senator from Alabama believe the amount which is included in the bill will be actually necessary and will be taken up by the colleges?

Mr. SPARKMAN. Yes. Just a few minutes ago I invited attention to some of the hidden differences, if I may so call

them, between our bill and the administration bill. Everyone who has analyzed the bills has tried to make it appear that our bill includes a great deal more than the administration bill. I used college housing as an illustration. We propose to increase the amount to be loaned to colleges for college housing purposes by \$400 million. The administration proposed in its emergency bill to increase the sum by \$200 million, and said it would come up later with a request for an additional amount. I am not sure there is much difference between our bill and the administration request, including the amount the administration has not submitted. This is a long-range proposal.

Mr. AIKEN. In the general legislation for the promotion of higher education which was enacted into law by the Congress last year, how much was provided for construction?

Mr. SPARKMAN. Nothing. I believe no construction was provided for.

Mr. AIKEN. I think the Senator is correct. I am simply seeking information.

Mr. SPARKMAN. There was no construction. That was a bill for fellowships, aid in procuring laboratory equipment, graduate studies, and things like that.

Mr. AIKEN. The Senator is correct. I think the legislation which was passed last year was designed to make it possible for more of our high-school graduates to go to college.

Mr. SPARKMAN. Yes.

Mr. AIKEN. I am wondering how ridiculous we would be if we made it possible for thousands more to go to institutions of higher education, without providing any place for them to go.

Mr. SPARKMAN. The Senator states the situation very well. This is definitely a program related to our present college housing program, which has proved to be so very successful.

Mr. AIKEN. Am I correct in my understanding that, of all the loans made to colleges to date, not a single dollar has been in default?

Mr. SPARKMAN. I do not have the figures, but the other day I heard the statement made—I believe it was made in testimony before our committee—that no college loan was in default. I obtained the impression that that statement included all loans—private and otherwise. But certainly no loans made under our college housing program have resulted in the loss of a single dollar.

Mr. AIKEN. More than 800 loans have been made.

Mr. SPARKMAN. That is correct.

Mr. AIKEN. Without the loss of a single dollar to date.

Mr. SPARKMAN. That is correct.

Mr. AIKEN. And probably there will not be a single dollar lost up to the time when the loans are completely matured and repaid.

Mr. SPARKMAN. Yes.

I know the unending interest the Senator from Vermont has in little people. His State is made up of little people, as is my State. In both States there is a predominance of little schools, little farmers, little colleges, and so forth. This program has been a lifesaver for a great many of our smaller colleges

throughout the country. Many of the large colleges which have rich endowments can get all the money they want.

Mr. AIKEN. In Vermont we do not have wealthy colleges, with endowments of \$100 million or more.

Mr. SPARKMAN. The same is true in my State. In fact, it is true throughout most of the country.

Mr. AIKEN. We have quite a few small colleges which, since 1951, have been borrowing modest amounts under the Federal loan program.

Mr. SPARKMAN. And they have put their students in decent dormitories, instead of the slum or shack type of structures left over from the war.

Mr. AIKEN. They have disposed of many of the hangar types of dormitories left over from the war, and have provided decent places to live, decent classrooms, decent cafeterias, and so forth. Yet they are still unable to meet the demand that they accommodate more students.

Mr. SPARKMAN. That is true.

Mr. AIKEN. I know that they are looking forward to the extension of this loan program, so that they may continue to expand until they are able more nearly to meet the demands which are being made upon them.

I realize that if the people of the country had their way most of their children would come to Vermont to get their higher education. We do not expect that, but we do expect all those within our State, and many from neighboring States, to come there. We want to make it possible for them to do so.

Those institutions have made loans since 1951 which have varied from \$340,000 up to \$800,000. They are paying those loans back, and they are educating young people, not only from Vermont, but from neighboring States as well. They wish to continue to do so.

If this legislation should go through as some would have it go through, I am wondering what would happen to my State if no loans were available for rural areas, and the college loan fund were done away with. We would not be in a very favorable position.

Mr. SPARKMAN. I agree with the distinguished Senator from Vermont.

Mr. President, there are several other items which I might mention. I shall mention only a few more. I hope to be quite brief.

One of the items is really the biggest item in the bill, namely, the urban renewal program. Urban renewal is one of the emergency measures for which the administration wished to provide in a quick measure.

The administration is in favor of continuing the slum clearance and urban renewal programs. Slum clearance was started in 1937. There was a provision in the United States Housing Act of 1937 for slum clearance, but the program really was not brought to life until the Housing Act of 1949, when it was written into the law in consequence of the efforts of the predecessor of our distinguished friend from Ohio [Mr. LAUSCHE]. Senator Taft, Senator Ellender, and Senator Wagner were the three co-sponsors who worked for years to de-

velop the Housing Act of 1949. It was a great accomplishment. I had the pleasure of serving as chairman of the subcommittee when the bill was put through on the floor of the Senate. It was a great achievement.

Title I of the Housing Act of 1949 was what we called the slum clearance and redevelopment title. We worked at it for 4 or 5 years, and obtained such experience as we could.

In 1954 the act was changed and expanded. The urban renewal program has now really taken hold. It is financed with loans and grants. Capital grants are made by the Federal Government to the locality to help defray the cost of the program. The Federal Government pays two-thirds, and the locality pays one-third of the amount which is lost in the process of buying the property, removing the buildings, and doing the work of clearing the area and reselling the property for redevelopment.

While the proportions are two-thirds and one-third, what is meant is the Federal Government pays two-thirds of the net cost and the locality pays one-third.

Testimony from a successor of our distinguished friend from Ohio [Mr. LAUSCHE], Mayor Celebrezze, of Cleveland, who testified before our committee the other day, gave the actual figures which were relevant to the Cleveland urban renewal projects. He showed that Cleveland had actually borne 51 percent of these costs rather than one-third. So whereas the law reads one-third and two-thirds, the testimony before us is that the amount of the costs which the city or the local authority pays is often 50 percent, because there are a great many fringe jobs to be done which the Federal Government does not include as a proper development cost.

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

Mr. SPARKMAN. I am glad to yield.

Mr. LAUSCHE. This morning there came to me a telegram from a person in Chicago, stating that a project there cost \$11 million for the acquisition of the land, and that it was then sold to private developers for \$1½ million. This writer expressed concern about the great disparity between the cost and the price at which the land was sold.

I ask the Senator from Alabama whether that item was brought to the attention of the committee. It is a new matter, which came to my desk only this morning. That is all the telegram says, so I know nothing further about the case.

Mr. SPARKMAN. That situation certainly will bear looking into. I should be terribly shocked to learn that such a statement was true. We certainly will be glad to check into it.

Mr. LAUSCHE. If that were the fact, under the present law if there were a loss of \$9½ million, 66 percent would be borne by the Federal Government and one-third by the local authorities, plus the fringe expenditures to which the Senator has referred.

Mr. SPARKMAN. Yes.

I refer the Senator to a project in Chicago. This may be the one to which he

was referring. There was an application from Chicago for \$16,959,000 for one project.

Before I go further, I may say to the Senator that this will not be a satisfactory answer, and that we will have to check into it for the Senator.

Mr. LAUSCHE. I received a telegram relating to this matter.

Mr. SPARKMAN. I wish to call the Senator's attention to the fact that we maintain a full-time staff in the Subcommittee on Housing, and that he would be surprised, I am sure, to know how many instances exactly like the one he cites we check into through the year. We are instructed in the resolution which the Senate adopted to stay on top of this problem all the time in order to know what is going on. We will be delighted to check into the matter and see what knowledge we can gain.

Mr. LAUSCHE. The Senator understands that what I have communicated to him is the only knowledge I have, and that came to me in a telegram.

Mr. SPARKMAN. I invite the Senator's attention to page 82 of the report, and the table contained on that page. It shows approval actions from December 8 to December 31, 1958. Those are the submitted projects which are shown under Chicago. They total \$16,959,994. Does the Senator see that figure under Chicago?

Mr. LAUSCHE. Yes.

Mr. SPARKMAN. Under the formula limit Chicago was allowed \$10,963,000. I believe that was in accordance with the rationing formula, because they ran out of money and had to ration the money. Of that amount, \$8,797,655 has been approved. That is the only information we have as of this time, but we shall be glad to run down the information. Certainly the figures the Senator has given do not look right to me.

Mr. LAUSCHE. I thank the Senator.

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

Mr. SPARKMAN. I yield to the Senator from Florida.

Mr. HOLLAND. In my case, as in the case of the distinguished Senator from Ohio, this is a field in which I do not have much specialized information, not being a member of the committee, and there not being any urban renewal projects in my State.

I recall that when an item like this came up 2 or 3 years ago, I referred it to the attorney general of Florida. I received from him a telegram, which I placed in the RECORD at that time, to the effect that the supreme court of our State had ruled that under the Florida constitution our cities were not authorized to use public funds in acquiring property in urban renewal projects which would not be used for city purposes but, instead, would be devoted to other uses.

Mr. SPARKMAN. That is correct.

Mr. HOLLAND. I thank the Senator. That is my understanding. I do not have such information at the moment, except that I requested information from the General Counsel of the Urban Renewal Administration. I have from him a memorandum showing that as of August 1, 1958—which I suspect is the last date

on which he has any information—Florida was one of eight States which did not have authority to enter into urban renewal proposals; that is, that the cities of our State and in these other States do not have that authority.

The list given to me by the General Counsel of the Urban Renewal Administration comprises these States: Florida, Idaho, Louisiana, Montana, New Mexico, South Carolina, Utah, and Wyoming. There is a notation on the list that South Carolina has started on a proposal by which at the next session of the legislature, as I understand it, if the legislature so decides, South Carolina can qualify its cities to go into this program.

I should like to ask my distinguished friend if that is also his understanding of the situation.

Mr. SPARKMAN. That is correct. I believe the outlying possessions come under it also, except for Guam.

Mr. HOLLAND. The same list shows Guam as not being qualified. I understand that Alaska and Hawaii are qualified.

Mr. SPARKMAN. Puerto Rico also.

Mr. HOLLAND. I have no information on that point.

Mr. SPARKMAN. I am not sure, but I believe that is true.

Mr. HOLLAND. If I understand the matter correctly, omitting the areas which are not States at the present time, there are at the present time eight States in which no urban renewal projects can be undertaken under State law; is that correct?

Mr. SPARKMAN. That is my understanding.

Mr. HOLLAND. Is it not also the case that in some of the urban renewal projects there is very little, if any, housing involved from the standpoint of replacing houses for people to live in?

Mr. SPARKMAN. Well—

Mr. HOLLAND. To continue, if I may, I must say that I do not have specialized information on this subject, but I saw an interview on television the other day with Robert Moses of New York, who, as we all know, is a very distinguished citizen and public servant in New York, and who is serving the State and city in numerous developments and improvements, and in the interview reference was made to an urban renewal project in New York City which is termed the Washington Square project, in connection with which one of the great universities of that city is using up a large part of the area being renewed for the purpose of building various college buildings and for the purpose of constructing at least four different auditoriums or buildings of that type. Is the Senator familiar with that project?

Mr. SPARKMAN. Not with that particular project, but I can well understand that such a project would be undertaken.

Mr. HOLLAND. As I read the proposed law, in the case of colleges and universities, an exception is made, under which housing does not necessarily play a very substantial part. Is that correct?

Mr. SPARKMAN. A relaxation of the requirement is carried in the bill. The general law now in existence provides that the area must be predominantly

residential, and that has been held to be at least 51 percent.

Mr. HOLLAND. Does the Senator mean that an area which is used for a renewal project must be at least 51 percent in residential use up to the time the project is initiated or in its conversion housing use after the project is completed?

Mr. SPARKMAN. Either way.

Mr. HOLLAND. It is a fact, is it not, that there are projects in which 51 percent of the area which was found to be residential before the project was initiated and before the land was taken is being used for various industries, colleges, auditoriums, civic projects, and things of that kind, which are not residential?

Mr. SPARKMAN. Provided that the rule is observed that 51 percent is residential.

Mr. HOLLAND. Except in the case of colleges. Is that correct?

Mr. SPARKMAN. Yes; that is carried in the bill. It is a special provision in the bill. In addition, we have in the bill what is called the skid row amendment, which was adopted 3 or 4 years ago, to permit certain areas with a substantial number of slum dwellings in a city to qualify even though the 51 percent provision cannot be applied. I believe that 10 percent of capital grant funds can be used for such areas. Our bill would increase this percentage to 20 percent which may be used for that purpose.

Mr. HOLLAND. The purpose of my question is this. First I wish to show that in the case of colleges or universities the residential requirement need not be carried out, as is the case in connection with other areas. Is that correct?

Mr. SPARKMAN. That is correct under the proposed bill.

Mr. HOLLAND. Either before or after.

Mr. SPARKMAN. Yes.

Mr. HOLLAND. However, in the case of other urban renewal projects it is required that residential facilities be made available for those who are displaced, but not on the spot.

Mr. SPARKMAN. You are correct, decent housing must be made available for displaced families.

Mr. HOLLAND. But not on the spot. Is that correct?

Mr. SPARKMAN. That is correct. There is a provision in the bill which seeks to encourage the building of more residences within the urban renewal area for housing the people who have been displaced. We carry such a provision in the bill.

Mr. HOLLAND. There are projects on which a serious problem is raised by where the people who have been displaced by the project are to live. Is that correct?

Mr. SPARKMAN. Federal assistance will not be authorized for a project until arrangements have been made for taking care of the displaced families.

Mr. HOLLAND. I should like to ask the Senator why there has been the discussion in the press of Washington, which he has seen, I am sure, and which I likewise have seen, in recent months,

indicating that there is a grave question as to whether citizens dispossessed by the urban renewal project in the southern part of the city of Washington would have adequate housing?

Mr. SPARKMAN. I am not familiar with those press reports. Certainly, I cannot conceive of such a situation, because under the law a project cannot be approved until a plan is made which will assure decent and sanitary shelter for the people who have been displaced.

By the way, if the Senator will let me do it at this point, I should like to call attention to the fact that we carry in the pending bill an authorization of 35,000 additional low-rent housing units. In the bill I introduced, I provided for only 17,500, but the committee raised the figure to 35,000. The whole purpose of public housing is to make available decent housing to those people who cannot afford to pay an economic rent. I believe I could describe it in this way: Let us take, for example, the usual slum area. Some people who live there own their own houses, and some of them are paying rent. Perhaps they pay only a few dollars a week or something like that. Those who own property will get enough out of the sale of their property to enable them to make a downpayment on another house, possibly under the FHA section 221 program. That is a special program with very liberal financing terms to enable those people to buy. Now let us look at those families who rent in this area. At present they are paying a couple of dollars a week rent, and cannot make any downpayment, nor can they afford to pay an economic rent. In most cities, there will be public housing projects, and a pledge will be given to the urban renewal administration that certain public housing units will be reserved to take care of those who are not able to pay an economic rent. The law provides that those families have a priority as far as available public housing units is concerned.

Mr. HOLLAND. I notice in the tabulation submitted by the Senator from Indiana a few minutes ago, prepared by the Housing and Home Finance Agency, that one of the complaints of the administration is that \$13 million is proposed to be supplied by the Senate committee for an annual contribution to public housing construction. Is my understanding correct that that item is not included in the administration bill?

Mr. SPARKMAN. That is correct. They were proposing a different program altogether. By the way, if the Senator will permit me to say so, in connection with the discussion we had a minute ago, it might be well to read into the RECORD this brief statement of the law, from section 105 of the Housing Act of 1949, as amended:

Contracts for loans or capital grants aid shall be made only with a duly authorized local public agency and shall require that—

(c) There be a feasible method for the temporary relocation of families displaced from the urban renewal area, and that there are being provided, in the urban renewal area or in other areas not generally less desirable in regard to public utilities and public and commercial facilities and at rents or prices

within the financial means of the families displaced from the urban renewal area, decent, safe, and sanitary dwellings equal in number to the number of and available to such displaced families and reasonably accessible to their places of employment.

I remember the writing of that section. It was a very difficult section to write, but I believe we packed into it just about every requirement.

Mr. HOLLAND. Will the Senator from Alabama state just what is accomplished by the difference in the wording of the proposal embraced in the pending legislation, where colleges and universities are brought into the picture?

Mr. SPARKMAN. If I can find it quickly, I will read the specific part of the report. First, the urban college must be a part of a renewal area, or contiguous or adjacent to it. The bill provides that such an area would qualify as an urban renewal area even though the area is not predominantly residential.

The bill would also permit the community to be given credit toward its one-third share from expenditures made by the colleges in purchasing property within the urban renewal area. This credit would still be permitted even though the college made the expenditure up to 5 years prior to the start of the urban renewal project.

Mr. HOLLAND. In other words, as to colleges and universities which, under the present program, are permitted to take part in a fuller way, the investments they have made in acquiring property within the urban renewal area within the last 5 years may be considered as a part of the local contribution to the grant.

Mr. SPARKMAN. Yes; just as would be true of the local authority, had it done the same thing.

Mr. HOLLAND. Is it correct that the full authorization in the present urban renewal law is \$1,350,000,000?

Mr. SPARKMAN. Yes; the Senator is correct. The total amount authorized to date is \$1,350,000,000.

Mr. HOLLAND. It is proposed by the bill to add \$2.1 billion to that amount; is it not?

Mr. SPARKMAN. Over the next 6 years.

Mr. HOLLAND. In other words, it is proposed by the bill to grant out of Federal funds for the urban renewal program an additional \$2.1 billion for urban renewal projects throughout the Nation.

Mr. SPARKMAN. Over the next 6 years.

Mr. HOLLAND. That amount would be added to the \$1.35 billion already authorized?

Mr. SPARKMAN. That is correct.

Mr. HOLLAND. But little of which has been spent up to now, although most of it has been allocated.

Mr. SPARKMAN. Practically all of it has been allocated, but only \$156 million has actually been spent. By the way, the budget for 1960 calls for an expenditure of \$104 million. Nothing in any of these bills will disturb that. It takes anywhere from 3 to 4 years to get one of these projects planned and under way. That is the reason there is such a long lead time. But a start cannot even be

made on such a project until funds have been allocated.

Mr. HOLLAND. I think I understand clearly the point the Senator is making. The \$2.1 billion additional will not be spent tomorrow. It does not even have to be spent in the next 6 years, but it will be allocated some time within the period provided in the bill.

Mr. SPARKMAN. That is correct.

Mr. HOLLAND. It will be grants of Federal funds to cities and States which are qualified to accept the benefit and which work out plans satisfactory to the Federal Government.

Mr. SPARKMAN. That is correct.

Mr. HOLLAND. Then it is proposed by the bill not only to make the whole program more generous, at least as it applies to colleges and universities in urban areas, but to add \$2.1 billion in grants or largess out of Federal funds to certain cities which may have qualified in the course of the operation of the law.

Mr. SPARKMAN. The Senator is correct. It is a slum clearance program which Congress saw fit to enact away back in 1937, to renew in 1949, and to revise in 1954.

About 3 years ago, President Eisenhower made a speech—I believe it was the President's speech—in which he dealt with this cancer that is eating America. In his speech he said that at the present rate it will take more than 200 years to get rid of the slums.

I point out to the Senator that the amount of grant allowances that are proposed in the bill, to which the committee agreed, is exactly what we had over the last 2 or 3 years—\$350 million a year. As a matter of fact, most of the criticism which has come to me has been that we do not provide enough, because due to our not passing a bill last year a backlog has developed.

I estimate that during the first year about \$500 million will be required. Therefore, the committee has provided in the bill that in the next year the amount may be stepped up by \$150 million. That means that during the next year, if the President sees fit to do so, the amount may be stepped up to \$500 million.

My own feeling is that with a 6-year program, giving ample time for planning, \$350 million will be sufficient, with the \$150 million escalator, and that the \$2,100 million limitation will enable us to do a creditable job of cleaning up the slums of the country.

Again, there is not as much difference between our bill and the administration bill as many persons seem to think. Our bill provides for \$2,100 million over 6 years, and with the same matching formula as now exists.

The administration's proposal is for \$1,550 million over the next 6 years, with a gradual reduction of the Federal Government's contribution and a gradual increase in the local community's contribution.

So by 1962 the State or local governments participating would be required to match the Federal Government's contributions dollar for dollar.

The Senator from Florida heard me say to the Senator from Ohio [Mr.

LAUSCHEL, formerly the mayor of the great city of Cleveland, that his successor in office as mayor of Cleveland testified that, actually, many American cities today are paying approximately 50 percent; and he showed us that Cleveland was actually paying 51½ percent.

Mr. HOLLAND. Am I correct in my understanding that the completed cost, insofar as the net cost of these projects is concerned, is proposed to be met by putting up two-thirds thereof from Federal grants?

Mr. SPARKMAN. That is correct.

Mr. HOLLAND. And one-third by local contributions?

Mr. SPARKMAN. That is correct.

Mr. HOLLAND. Which could be in cash or even in property acquired over the last 5 years?

Mr. SPARKMAN. That is correct.

Mr. HOLLAND. I think my friend has been very frank, and I appreciate it.

As I have understood his statement, it has indicated that it is proposed by means of this bill to increase the total authorization for the urban renewal program from \$1,350 million to \$3,450 million, or to increase it by \$2,100 million, an increase of approximately 2½ times; and that it would commit the Nation, therefore, if that were enacted, to an increase of the old program by 2½ times what it was originally designed to be, and would commit us to heavy expenditures over the next several years.

Mr. SPARKMAN. This may be technical, but I wish to be sure that the record is absolutely clear on this point. The Senator from Florida said it would be 2½ times what it was originally designed to be. If he means "designed for all time," of course I differ with him, because when the act was written, it was designed that the Federal Government would continue on this formula until we got rid of slums in the country, insofar as the localities were willing and able to participate. In other words, the \$1,350 million was only the amount which was made available for the first 4 or 5 years.

Mr. HOLLAND. But this would be a continuation of the program, by multiplying it by 2½, and thus increasing the funds available for urban renewal loans and grants over the next few years?

Mr. SPARKMAN. That is correct.

Mr. HOLLAND. Next, I should like to ask about a matter of policy. I cannot find any other paragraph of the bill which does not apply equally to all parts of the Nation and which does not allow some kind of construction work to go on in all parts of the Nation in most instances, direct residential construction, with most of which I am in complete accord. Why was it thought advisable by the committee—which knew that 8 States were not qualified to participate and that some of them have declined repeatedly, by their legislatures, to submit constitutional amendments which will allow them to participate—to attach this bill, not a national residential bill, and sometimes not even a residential bill at all, to a housing measure?

Mr. SPARKMAN. As I said at the beginning, this was done way back in the Housing Act of 1937; it is nothing new with us. It was carried forward in the Housing Act of 1949. It was carried forward in revised form in the Housing Act

of 1954. We simply have been accepting the basic act, and have been providing for a carrying forward of the program, by making more funds available.

With reference to the point about its not applying to all parts of the Nation, if I am not mistaken that is also true with reference to the rural electrification program. I believe there are some States of the Union which do not permit that program to apply to them. Yet the Congress legislates in a national way on that program.

Mr. HOLLAND. In the case of the Rural Electrification Administration, do we make grants to anyone or do we lend money?

Mr. SPARKMAN. We lend money at 2 percent interest.

Mr. HOLLAND. And the money loaned is to be repaid, is it not?

Mr. SPARKMAN. Yes. But there are programs which do not apply equally, because there are certain requirements which have to be met by the States. That was true with regard to the old age insurance program, under the Old Age Security Act; and it was also true of unemployment compensation. I am sure all States participated; but there is nothing unusual about enacting legislation which provides that in order for a local government to participate, it must comply with certain standards or requirements. I do not know; but I presume that when this act was written into law, nearly 22 years ago, it was presumed that all the States would take advantage of it.

Mr. HOLLAND. I should like to ask another question, if I may. Both the Senator from Alabama and I heard the remarks made the other day by the Senator from Virginia [Mr. ROBERTSON], who soon is to be chairman of the Banking and Currency Committee. In that statement he said that enactment of this bill would mean that the drain on the Treasury in the fiscal year 1960 would be increased by nearly one-quarter of a billion dollars. I do not remember the exact amount stated; but it was \$240-odd million, or thereabouts.

Mr. SPARKMAN. In the figures which have been submitted to us by the Housing and Home Finance Agency—and the Senator from Indiana has them in his hand—we find that that figure is \$240 million, I believe.

Mr. HOLLAND. I was trying to point out that the Senator from Virginia made substantially the same statement, as I recall. Is that the recollection of the Senator from Alabama?

Mr. SPARKMAN. Yes; I believe that is correct.

Mr. HOLLAND. Then, if the Senate passes the bill, it must do so in the knowledge that thereby it will be proposing, with the objectives of this bill, to increase the budgeted amounts by practically one quarter of a billion dollars, for the fiscal year 1960. That is correct; is it not?

Mr. SPARKMAN. Let me call the attention of the Senator from Florida to a point which was discussed earlier in the day, when he was not able to be on the floor. If he will look at the table, he will find that \$200 million of that amount is attributed to the direct loan program of the veterans' housing in

rural and semi-rural areas. Frankly, why that is carried as a budget item, I do not understand.

Mr. CAPEHART. It is borrowed directly from the Treasury.

Mr. SPARKMAN. It is borrowed directly from the Treasury, but is money loaned to veterans which will be returned to the Treasury as the loans are repaid. But in our bookkeeping it is carried as a budget item.

As I pointed out earlier today, that is the greatest difference between our bill and the administration's bill. The administration's bill would do away with the direct loans, or at least would not provide any more money for the revolving fund.

Mr. HOLLAND. Then, as I understand, there is no argument about the fact that this bill would involve an expenditure, out of public funds, in the fiscal year 1960, of approximately one-quarter of a billion dollars more than the amount required by the administration's program. Is that correct?

Mr. SPARKMAN. That is correct, provided the full \$200 million that the Administration estimates would be spent for direct loans to veterans were actually used.

I wish to call the attention of the Senator from Florida to the point that on the one hand we are met with the argument that we do not need to increase or replenish the fund, which is a revolving fund; the money is loaned, and is paid back. By the way, in answer to an inquiry by one of the Senators I read into the RECORD the figures in that connection, and pointed out that six percent of the loans have been repaid; six percent have been sold; and ½ of 1 percent have been in default, to the point of foreclosure. It has been a most successful program. I call it a capital investment.

I called attention earlier today to something which I think is deplorable; that is our Government system of bookkeeping. It does not take into account such capital investments. I think the Senator from Florida will be interested in my repeating this. We put a billion dollars into the Federal National Mortgage Association under the Emergency Housing Act of 1958. All of that money went into loans that pay interest. I also indicated that the FNMA, during the time it has been operating, has made nearly a quarter of a billion dollars in clear profit. Yet that \$1 billion was carried last year as if it were a dead expenditure—a deadend expense—when it is not.

This \$200 million VA direct loan item is carried as if it is money to be spent—never to come back—when, as a matter of fact, such part of it as is spent will be recovered in profit-making repayments to the Government.

I started to say a minute or so ago that I am met by the argument, on the one hand, that now that we are raising the interest rate to 5½ percent we do not need additional funds for the Veterans Direct Loan program. I cannot agree with that statement. As a matter of fact, mortgage investors, themselves, said that, regardless of all they could do, there were some areas in the rural sections of the country they

could never reach with mortgage financing. So I think there always will be a need for direct home loans to veterans. But if that argument should be correct, and none of the \$200 million should be spent, it would not have any impact on the budget. In other words, the expenditure is conditioned upon its being spent in the form of mortgages on homes of American families, veterans of the Second World War or the Korean war.

Mr. HOLLAND. I may say the Senator from Alabama has more faith in the type of operations that bureaucrats here in Washington carry on than I do, if he thinks they would not lend the money if Congress made available \$200 million this year.

Mr. SPARKMAN. Oh, no.

Mr. HOLLAND. Under his statement, it might easily be more competitive with private enterprise than it would have been the other way.

Mr. SPARKMAN. I certainly do not want that statement to go unchecked, because the law itself requires that loans can be made only to worthy veterans living in rural or semirural areas who are not able to get money from private sources. That is the law.

If the Senator will read the testimony of some of the leading bankers and insurance company executives, he will see they testified before the committee it has been a good program, well administered, and ought to be continued.

Mr. HOLLAND. I thank the Senator.

The Senator from Virginia stated in his remarks that certain items in the bill consisted of authorizations upon which expenditures would be made which would not come under the budget; that is, the agency could draw directly on the Treasury and then lend the amounts. I doubt if anyone could supply the amount required, unless a table on it has been prepared for the RECORD. If the Senator has it, I ask him to present it. Otherwise, I ask him to supply it for the RECORD, at his convenience, during the debate.

Mr. SPARKMAN. Let me say, first, that there is no new provision in the bill for that type of funds. For example, let us take urban renewal, college housing, and that type of financing. The funds have been used over the years just as the Commodity Credit Corporation has used funds.

The Senator from Indiana has a table which shows the amounts for all activities of the Government. The Senator from Virginia was asked this morning about the total amount securing bank deposits. He reported a tremendously large figure. I do not remember what it was. We know FDIC carries \$3 billion.

Mr. HOLLAND. Let me complete my point. The joint committee headed by the senior Senator from Virginia [Mr. BYRD] requested from the Treasury recently a compilation of amounts of that kind. The two largest were the expenditures for Federal aid highways, including the Interstate System, which was something over \$3 billion, to be expended during this current year, not now appearing in the budget at all, and the other item was something like \$400 mil-

lion, or probably \$500 million, for Federal National Mortgage Association expenditures.

The point I am getting at is, not only is the budget to be increased a quarter of a billion dollars by the bill which the Senator from Alabama proposes, but also items are again carried forward in the bill which call for expenditures vastly beyond the budgeted amounts, but they will be expenditures in fiscal 1960 and will be added to the financial burdens of the taxpayers of the country during that period. Am I correct?

Mr. SPARKMAN. The Senator is correct. I called attention earlier to the fact that there are two or three parts of this program which the Administration has not yet submitted. However, comparing the bill against the partial program which the Administration has set, omitting the veterans loans, there would be in 1960 an expenditure of \$35,790,000 greater than the administration's proposal. I do not know how much the other programs of the Administration would reduce that difference.

Mr. HOLLAND. But the Senator from Alabama also knows this bill would increase programs which call for unbudgeted expenditures by the Federal National Mortgage Association.

Mr. SPARKMAN. By the Federal National Mortgage Association? No; we do not increase the authorization for that agency at all.

Mr. HOLLAND. Unbudgeted expenditures—

Mr. SPARKMAN. Not by the Federal National Mortgage Association.

By the way, Mr. President, I ask unanimous consent to have inserted in the RECORD at this point, because we have been referring a great deal to the Federal National Mortgage Association, the table appearing on page 155 of the hearings, which shows the operations of the Federal National Mortgage Association over the years. The table shows the operations of the agency at least over several years. I was hoping the total operations were shown there, because Mr. Baughman, in his statement before the committee, as I recall, showed that the total operations of the agency had resulted in a profit of something over \$236 million.

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

Federal National Mortgage Association—Mortgage portfolio, commitments outstanding, net income last 6 calendar years

SECONDARY MARKET OPERATIONS¹

[Dollar figures in millions]

Year	Year-end mortgage portfolio at cost	Year-end commitments outstanding	Year-end portfolio and outstanding commitments	Net income during year
1953.....				-----
1954.....				-----
1955.....	\$83.0	\$26.5	\$109.5	\$0.3
1956.....	628.2	283.4	911.6	2.8
1957.....	1,562.2	180.1	1,742.3	6.4
1958.....	1,322.6	79.9	1,402.5	11.0

¹ Of the \$20,500,000 net income during the period, \$6,600,000 was paid in dividends (\$5,200,000 to U.S. Treasury and \$1,400,000 to holders of common stock) and the balance of \$13,900,000 represents the Dec. 31, 1958, undistributed earned surplus.

Federal National Mortgage Association—Mortgage portfolio, commitments outstanding, net income last 6 calendar years—Con.

TOTAL FEDERAL GOVERNMENT PROGRAM²

Year	Year-end mortgage portfolio at cost	Year-end commitments outstanding	Year-end portfolio and outstanding commitments	Net income during year
1953.....	\$2,461.6	\$637.9	\$3,099.5	\$30.5
1954.....	2,461.7	475.7	2,937.4	30.8
1955.....	2,555.4	49.9	2,605.3	34.5
1956.....	2,423.2	76.9	2,500.1	36.0
1957.....	2,361.4	597.1	2,958.5	35.0
1958.....	2,556.2	1,497.7	4,053.9	26.4
A. Management and liquidating functions:³				
1953.....	2,461.6	637.9	3,099.5	30.5
1954.....	2,461.7	475.7	2,937.4	30.8
1955.....	2,555.4	42.8	2,598.2	34.4
1956.....	2,417.7	8.1	2,425.8	35.3
1957.....	2,289.9	-----	2,289.9	31.0
1958.....	2,138.7	-----	2,138.7	13.6
B. Special assistance functions:⁴				
1953.....	-----	-----	-----	-----
1954.....	-----	-----	-----	-----
1955.....	-----	7.1	7.1	.1
1956.....	5.5	68.8	74.3	.7
1957.....	71.5	597.1	668.6	4.0
1958.....	417.5	1,497.7	1,915.2	12.8

² Of the \$193,200,000 net income during the period \$114,600,000 was incorporated into a reserve for losses and contingencies. All the benefits and burdens incident to the administration of the management and liquidating and special assistance functions inure solely to the Secretary of the Treasury.

³ Of the \$175,600,000 net income during the period, \$107,400,000 was incorporated into a reserve for losses and contingencies.

⁴ Of the \$17,600,000 net income during the period, \$7,200,000 was incorporated into a reserve for losses and contingencies.

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

Mr. SPARKMAN. The Senator from Florida is trying to finish a point.

Mr. BUSH. I wanted to supplement what the Senator from Florida is trying to bring out.

Mr. HOLLAND. I think the additional figure supplied to us as to what is planned to be expended in 1960, additional to the Federal aid, referred to the entire Agency, the Housing and Home Finance Agency, rather than the Federal National Mortgage Association.

The Senator has already stated, and it is, of course, a fact, that there are increases in some of the activities which call for the type of expenditures proposed by his bill. What I have requested is that the total of those increases beyond the current program be furnished for the RECORD.

Mr. SPARKMAN. I believe that is shown in the table which has been submitted to us by the Housing and Home Finance Agency, which the Senator from Indiana placed in the RECORD a moment or so ago.

Mr. HOLLAND. It does not show anything except the budgeted expenditures. I am referring to nonbudgeted expenditures. These items do not show in the budget. The report of the Treasury to us showed that the proposed expenditures in fiscal 1960 for Federal-aid highways, nonbudgeted, were about \$3.2 billion.

For this Agency there is enough more to bring the total to nearly \$3.7 billion.

Mr. SPARKMAN. I say again, the Senator from Indiana has a table in this regard.

Mr. CAPEHART. I do not believe there are any unbudgeted items in the housing bill.

Mr. SPARKMAN. Yes.

Mr. HOLLAND. Yes, there are.

Mr. CAPEHART. Perhaps I do not understand the Senator.

Mr. SPARKMAN. What the Senator refers to is a financing by the Treasury. The point I make is that there are programs financed in that way. The urban renewal program receives appropriations.

Mr. HOLLAND. There are some programs in that category.

Mr. SPARKMAN. Some of the other programs are outside the budget, but there is not a single new program of that type. The programs have been in existence over the years. The Senator from Virginia today presented a table to show what the amount is for all the Government. I believe the Senator from Indiana later put that information in the RECORD.

Mr. CAPEHART. I do not think so.

Mr. SPARKMAN. I think it was a part of the figures the Senator received. Perhaps the Senator from Virginia put the information in the RECORD. At least, the Senator had the information.

Mr. HOLLAND. I do not care to pursue the matter further. I simply say the Senator knows, as we all know, that there are amounts of money intended to be spent next year by this Agency which are not included in the budget, and that those amounts are to be spent in fields which are increased as to size in the bill. I hope the Senator can procure at least an approximate figure, so that we can have the information in the RECORD.

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

If the Senator refers to loans—

Mr. HOLLAND. I do not refer to loans; I refer to grants.

Mr. CAPEHART. Loans made directly from the Treasury but not budgeted?

Mr. HOLLAND. For instance, the Federal aid highway expenditures are not loans; those are payments in cash. Those payments are not shown by the budget.

The budget is not a \$77 billion budget. It is \$77 billion for the items shown by the budget, but the amount which the administration intends to spend in fiscal 1960 is about \$81 billion, and we all know that is the case. There is no use in trying to kid ourselves or the public.

What I am seeking to obtain is a showing—and I think it will be easy for those familiar with the bill to produce—as to the increases in those items which are not budgeted and which will not be budgeted but expenditures for which will be paid by the making of drafts by this Agency upon the Treasury of the United States, without Congress having anything to do about the matter, except to approve the basic authorizing legislation.

Mr. CAPEHART. I can give that information easily, because I have it before me. The item for college classrooms contains \$5 million, and the estimated VA direct loans are \$200 million. That is a total of \$205 million in Senate bill 57, the housing bill, as amended.

The \$200 million and the \$5 million, of course, are loans, and are not budgeted. That refers to money borrowed directly from the Treasury. Of course, the money will be repaid, but these are loans and are not budgeted. The figure is \$205 million.

Mr. HOLLAND. Mr. President, I think my request has been clearly made, and I am sure my distinguished friend from Alabama [Mr. SPARKMAN] will supply the figure. I think it would be an interesting figure for the Senate to have. I appreciate the indulgence of the Senator from Alabama.

Mr. CAPEHART. Is the Senator under the impression the figure is more than the record I have shows it to be?

Mr. HOLLAND. Yes. The figure for last year was supplied to the Joint Committee on Reduction of Nonessential Federal Expenditures by the Treasury, and is vastly more than the one the Senator mentioned.

Mr. CAPEHART. I am talking about fiscal year 1960.

Mr. HOLLAND. I am speaking about the same figure. We asked for the figure as to what it was expected would be expended for objectives not covered by the budget, and we were given, as I have said, in two items alone, enough to increase the budget by about \$3.7 billion.

Mr. CAPEHART. I think the Senator from Florida and the Senator from Alabama and I are thinking about different things. As shown by the chart before me we are talking about the effect of the bill presently under consideration. We are considering the effect on the 1960 budget in respect to nonbudgeted items, and that is \$205 million.

In years gone by, the Congress has authorized expenditures for housing purposes. We have authorized \$1,450 million for urban renewal, of which amount about one-fourth has been spent. Some of that comes under the same category.

Confining the figure to the bill about which we are talking, I think the Senator will find the figure is \$205 million.

Mr. HOLLAND. If that proves to be the case, of course we do not need to go further. We should show that is the case.

Mr. CAPEHART. It is a sizable amount.

Mr. President, there is an interesting point which should be made, in all fairness. I am sure we want to keep the record straight.

As to the urban renewal advances, comparing the so-called administration bill with the Senate bill which we are considering, for example, for the fiscal year 1960 the administration bill for urban renewal, so far as advances are concerned, would provide \$3½ million, and the Senate committee bill would provide \$7 million. In 1961 the administration bill would provide \$12 million and the Senate committee bill would provide \$16 million. In 1962 the administration bill would provide \$11 million and the Senate committee bill would provide \$14 million. In 1963 the administration bill would provide \$10 million and the Senate committee bill would provide \$13 million.

Under the urban renewal temporary loans, there would be nothing provided in 1960 either under the administration bill or under the Senate committee bill.

However, in 1961 the administration bill would provide \$15 million and the Senate committee bill would provide \$20 million. In 1962 the administration bill would provide \$15 million and the committee bill would provide \$20 million. In 1963 the administration bill would provide \$15 million and the Senate committee bill would provide \$20 million.

If we consider the grants, under the same two items, in 1960 the administration bill would provide nothing and the Senate bill would provide \$¾ million. In 1961 the administration bill would provide nothing and the Senate bill would provide \$8 million. In 1962 the administration bill would provide \$2 million and the Senate bill would provide \$12 million. In 1963 the administration bill would provide \$5 million and the Senate bill would provide \$15 million.

Under the urban planning assistance the proportion is about the same, and I shall not read those figures.

In order to keep the record straight, in all fairness it should be said that these moneys for grants and loans are quite small, and they are spread out over a period of years. What I am saying is that the money we are talking about, \$2.1 million for urban renewal on grants and loans, is the amount I have just mentioned. That does not include the amount of money, of course, which would be advanced for the loans which would be insured by the Federal Government. In those instances, unless the loans were defaulted there would not be one nickel cost to the Federal Government.

I think in all fairness we should keep those facts in mind. I think we also should mention the fact that only for the fiscal year 1960 is there a big difference between the impact upon the Treasury of the administration bill and the impact upon the Treasury of the Senate bill. By the time we consider 1961, 1962, 1963, 1964, and 1965—a 6-year period—there is not very much difference. There is a difference, but it is not very great.

In any event, the impact each year is not much in dollars and cents. What we are trying to do at the moment, of course, is to balance the fiscal year 1960 budget, and we are talking about a bill which affects the fiscal year 1960 budget. If we could eliminate the \$300 million for direct loans to veterans and cut the public housing units from 35,000 to perhaps 17,500, the difference in the impact upon the Treasury between the administration proposal and the Senate bill we are considering would be about \$35 million.

Mr. HOLLAND. I trust that the Senator from Indiana is not suggesting that he has any objection to the furnishing of one single figure, with an explanation, as to how greatly the spending picture is affected by items in the bill which we are considering. I refer to the spending for 1960, in fields not covered by the budget. I know that there are some

items in that category, and I think it would be interesting to the Senate to have that information.

Mr. CAPEHART. The Senator may well be correct. Let us get the figures.

Mr. SPARKMAN. We will certainly do our best to obtain the figure which the Senator wishes, if it involves breaking down the information by budget years.

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

Mr. SPARKMAN. I yield.

Mr. LAUSCHE. I should like to put a question to the Senator from Indiana for the purpose of getting clearly in mind the aggregate draw which would be made upon the budgeted funds by this bill.

I should like to have the Senator from Indiana give me his opinion as to the increase which would be imposed upon the President's budget if the pending bill were passed.

Mr. CAPEHART. Does the Senator mean for the fiscal year 1960?

Mr. LAUSCHE. For the fiscal year 1960.

Mr. CAPEHART. According to the Federal Housing Authority officials, who have all the facts—although it is necessary for them to make certain estimates—it is estimated that if we pass Senate bill 57, authorizing \$300 million for direct veterans loans, only \$200 million of it will be spent, and that if we authorize 35,000 additional public housing units, picking up some authorizations which were not previously used, the total impact upon the Treasury will be approximately \$240 million, as opposed to the administration's estimate of the impact of about \$5 billion.

In all fairness, if we eliminate the \$200 million for veterans loans, the difference between the impact of the administration's bill on the Treasury and that of Senate bill 57 will be about \$40 million. If we reduce the public housing units to 17,500, the difference will be about \$35 million; and if we eliminate any additional public housing at all, as I see it, the difference will be about \$25 million.

Mr. LAUSCHE. It would greatly help me if the Senator from Indiana would eliminate the conditions and give the cold figures.

Mr. CAPEHART. I gave the cold figures. According to those who have the facts, and who ought to know—and if they do not know, I do not know who does, because they deal with the facts—the impact would be \$240 million.

Mr. LAUSCHE. Has there been eliminated the sum of \$100 million because it is assumed that the \$100 million would not be used?

Mr. CAPEHART. Yes; and if the \$100 million were used, the impact would be \$340 million.

Mr. LAUSCHE. That amount would be added to the budget?

Mr. CAPEHART. Yes. The budget would be increased by that much, as compared with the administration bill.

Mr. SPARKMAN. Mr. President, in response to the question of the Senator from Ohio, let me say that a part of the \$5 million is budgeted already, so the net difference is \$235 million, \$205 million of which represents loans, including \$200

million to the Veterans' Administration. This amount would be charged up only in the event it was used.

Mr. LAUSCHE. In the event it were drawn upon by applications for loans.

Mr. SPARKMAN. Yes. It represents a contingency which remains. It is a credit which exists, which can be drawn upon. As the Senator from Indiana says, if we do not consider veterans' loans of \$200 million, the difference is approximately \$35 million.

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

Mr. SPARKMAN. I yield.

Mr. LAUSCHE. I should like to have the Senator from Indiana listen.

For the fiscal year 1960, what additional authorization is granted to various agencies to borrow money from the Treasury? Can that be stated in a single aggregate amount?

Mr. SPARKMAN. That is the figure we are looking up in response to the inquiry of the Senator from Florida [Mr. HOLLAND].

Mr. LAUSCHE. So there are two pertinent figures—first, the amount by which the budget would be increased; and second, the amount by which the national debt would probably be increased through borrowings from the Treasury.

Mr. HOLLAND. Unbudgeted expenses.

Mr. LAUSCHE. Unbudgeted expenses.

Mr. CAPEHART. I do not believe there are any.

Mr. SPARKMAN. If I correctly understand the table which has been furnished to us by the Housing and Home Finance Agency, in 1960 there will not be one dollar in that category.

Mr. LAUSCHE. Mr. President, may I put a further question to the Senator from Alabama?

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

Mr. LAUSCHE. Did the committee take into consideration the wisdom of making sure that our Nation is adequately strong for defense; and in doing so did it conclude that perhaps more money will have to be spent for national defense? If so, a decision ought to be made as to which is the more important at this time—to provide money for national defense, or to expand this program over and above what the President has suggested.

Mr. SPARKMAN. Is the Senator proposing that we expand the defense program over and above what the President has suggested?

Mr. LAUSCHE. I am not certain, but I have been reading in the press that there is virtual unanimity of opinion that the program should be expanded. Therefore this query is raised in my mind: If that is necessary, the answer should be "Yes; make the Nation militarily strong." But, in order to insure against any unreasonable unbalancing of the budget, we ought to dispense with certain programs, even though they may be desirable, and go forward only with essential and needed programs.

Mr. SPARKMAN. I do not care to debate the philosophy of the issue. The committee, as a whole, discussed these questions. Questions came up from

time to time, and I am certain, that every member of the committee had these matters in mind. I believe that every Member of the Senate feels the same way about the desirability of balancing the budget, and that most Senators would measure the necessity—if it becomes a necessity—of increasing the President's budget on military matters.

Insofar as I am concerned, I would like to balance the budget just as much as the President would like to balance it. He would like to see a balanced budget. However, if evidence ever comes before us that it is necessary to spend more money for defense, I will not hesitate to spend it even though such spending may serve to unbalance the budget for 1 year.

So far as housing is concerned, I wish to take a little issue with the apparent philosophy of the Senator from Ohio. I do not regard housing as something that is merely desirable. I regard it as essential. I believe the Senator from Ohio does also.

Mr. LAUSCHE. Yes.

Mr. SPARKMAN. It is essential to provide decent, adequate and sanitary housing in which Americans can live. I regard housing just as essential as clothing, food and things like that. And to the list I add national defense. As a matter of fact I would put national defense over everything, because our security depends upon it. However, I do not believe that we should refer to housing as something that is merely desirable. I believe it to be essential.

I believe that every member of the committee had these matters in mind and under consideration. I believe that each member decided, after giving sincere and conscientious thought to these items, what his decision would be on the subject of housing. By the way, I should like to call attention to the fact that after we had completed the hearings but before we started marking up the bill, we called before us the staff of the Federal Reserve Board—in executive session—to give the committee a briefing on the economic condition of the country.

The Senator will remember that in the Committee on Foreign Relations we had a briefing from the military as to our defense posture. The Senator will remember that.

However, I believe that every Senator, acting within his own individual rights and in accordance with the dictates of his conscience had all those items I have enumerated in mind. The bill reflects the best collective thinking of the committee.

Mr. LAUSCHE. I wish to assure the Senator from Alabama that I deeply appreciate his courtesy and sincerity in approaching this problem. However, I am bothered by the fact that there are 8 or 10 other bills which are being considered by other committees. There is no coordination to ascertain what the overall cost will be after all the bills are passed, if they are passed. No one has taken pencil in hand and figured out how much money is available and what the ultimate aggregate cost will be. No one has tried to figure out what

the deficit will be, or has tried to provide ways and means of meeting it. I am in favor of the housing program, but I believe we ought to conceive of some means of paying for it without indulging in deficit operations. That is the thought I had in mind.

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

Mr. SPARKMAN. May I ask whether the Senator from Connecticut still wishes to ask a question? He wished to ask a question a short time ago.

Mr. BUSH. I thank the Senator, but I will defer the question for the present. The discussion is now far from the subject on which I wished to address an inquiry to the Senator from Alabama. I had reference to FNMA. I will get it in the RECORD some time later in the debate. I thank the Senator.

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

Mr. ELLENDER. I have been reading the report, as I had opportunity, and have been listening to the debate. I am much confused as to the difference in the impact the pending bill may have as compared with that of the administration bill. We have heard estimates made by the distinguished Senator from Alabama and others by the distinguished Senator from Indiana [Mr. CAPEHART]. In the report I note that the Senator from Utah [Mr. BENNETT] has added some individual views.

In the third paragraph of his individual views, the Senator from Utah states:

The increased burden on the budget for fiscal year 1960 resulting from adoption of S. 57 rather than the administration bill has been estimated at between \$230 and \$344 million. This would more than eat up the projected \$70 million surplus for next year, and would start us on the road to a deficit which the President has so correctly renounced.

I should like to ask my friend from Alabama, in the light of these figures, given by a member of the committee, whether that statement is correct.

Mr. SPARKMAN. I do not know how the Senator from Utah has arrived at the \$344 million figure. I believe that is a mistake.

Mr. CAPEHART. I believe I can answer that question. The figure I am giving is the figure supplied by the HHFA.

Mr. ELLENDER. Are those figures correct?

Mr. CAPEHART. Yes. The figures are based on the fact that we authorized \$300 million for direct veterans' loans. They will be able to use only \$200 million of that amount. The Senator from Utah in his statement said that the complete amount will be used up.

Mr. ELLENDER. The full amount that is being authorized on the program?

Mr. CAPEHART. Yes; whereas FHA is of the opinion that only \$200 million of it would be used up. That accounts for the difference between the two figures.

Mr. SPARKMAN. The Senator from Indiana and I are in agreement that the difference, actually, between the committee bill and the administration bill, so far as the 1960 budget is concerned, is \$235 million.

Mr. ELLENDER. More?

Mr. SPARKMAN. Yes; more. That includes the \$200 million for loans to veterans living in rural areas.

Mr. ELLENDER. Yesterday I asked for some information. I do not know whether it has been presented to the Senate. I asked for information as to the full amount of the Federal Government's obligations with respect to FHA and veterans' guaranteed loans.

Mr. SPARKMAN. I believe the Senator from Virginia [Mr. ROBERTSON] put that information in the RECORD earlier today.

Mr. ELLENDER. I was informed that by the end of the 1960-61 fiscal year the amount would total \$102 billion. Is that correct?

Mr. SPARKMAN. I do not know. I have not seen the figure.

Mr. CAPEHART. Was that for 1962?

Mr. ELLENDER. No; 1961.

Mr. SPARKMAN. The present amount for FHA is approximately \$30 billion, and for VA I believe it is \$18 billion.

Mr. ELLENDER. That is a total of \$48 billion.

Mr. SPARKMAN. That includes the insured loans.

Mr. ELLENDER. Yes.

Mr. SPARKMAN. Yes; I would say that. Then there has been about a billion dollars loaned to veterans, and also a smaller amount—it may run to a billion dollars or \$750 million—which has been loaned for farm housing.

Mr. ELLENDER. This amount is the amount which is actually guaranteed by the Federal Government?

Mr. SPARKMAN. Guaranteed or insured.

Mr. ELLENDER. I understand.

Mr. SPARKMAN. There is a difference, of course.

Mr. CAPEHART. There is a reserve of about \$800 million.

Mr. SPARKMAN. On the insured portion premiums are collected, and there is a reserve, which is considered by many financial experts as being greater than is required.

Mr. ELLENDER. This bill increases by \$8 billion the FHA guarantees?

Mr. SPARKMAN. The bill I introduced proposed \$8 billion—\$4 billion until June 30, 1959, and \$4 billion thereafter. The administration asked for \$12 billion for the same period. Later they asked that the ceiling be completely eliminated. The committee reported out a provision for \$10 billion, that is \$5 billion for fiscal 1956, and \$5 billion thereafter.

Mr. ELLENDER. The total would be about what?

Mr. SPARKMAN. About \$38½ billion.

Mr. ELLENDER. That is the overall amount?

Mr. SPARKMAN. Yes. It is roughly \$38 billion. It is between \$38 billion and \$40 billion for FHA.

Mr. ELLENDER. I wonder whether the Senator would repeat for the RECORD what he stated with reference to the programs which would increase the amount over and above the administration bill. Is it due primarily to the fact that we are providing for 35,000 more units of public housing in the bill?

Mr. SPARKMAN. That is one of the items.

Mr. ELLENDER. To what extent would that increase the amount?

Mr. SPARKMAN. By \$21 million.

Mr. ELLENDER. Twenty-one million dollars?

Mr. SPARKMAN. Yes.

Mr. CAPEHART. That is for fiscal 1960, is that correct?

Mr. SPARKMAN. It occurs only one time.

Mr. ELLENDER. That, of course, goes to make up the \$200 million we were talking about a while ago.

Mr. SPARKMAN. That is correct.

Mr. ELLENDER. The rest of it comes—

Mr. SPARKMAN. From direct loans to veterans.

Mr. ELLENDER. And from college loans?

Mr. SPARKMAN. And from college loans; that is correct. There is \$3.4 million for urban renewal advances.

Mr. ELLENDER. The Senator has stated that the \$21 million for public housing for 1960 will not be continued.

Mr. SPARKMAN. It is not a recurring item. The \$200 million may be used or it may not. Of course, it is in the form of a loan.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a section-by-section analysis of the bill as it appears in the report beginning on page 63.

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

SECTION-BY-SECTION ANALYSIS

TITLE I—FHA INSURANCE PROGRAMS

Property improvement loans

Section 101: Amends section 2(a) of the National Housing Act to extend the title I property improvement program of the FHA 1 year until September 30, 1960.

Technical

Section 102: Makes cross-reference between FHA section 204 (payment of insurance) and the six insurance programs to which the provision applies.

Mortgage ceilings for sales housing

Section 103: (a) Amends section 203(b) (2) of the National Housing Act (regular sales housing program) to increase the maximum mortgage amount which may be insured by FHA from \$20,000 to \$25,000 on two-family homes.

(b) Amends section 203(b) (8) of the National Housing Act (regular sales housing program) to increase the nonoccupant owner's maximum loan to the maximum permitted the homeowner, the nonoccupant owner would put into escrow 15 percent of the mortgage amount for 18 months or until he sells the property. (A nonoccupant owner is now permitted 85 percent of the mortgage amount available to a homeowner.)

(c) Amends section 203(1) of the National Housing Act (housing in rural and outlying areas) to permit an increase from \$8,000 to \$9,000 in the maximum insurable loan.

Mortgage insurance authorization ceilings

Section 104: Amends section 203(1) and section 701 of the National Housing Act to remove the ceilings on the FHA mortgage insurance authorizations.

FHA debentures

Section 105: Amends section 204(k) of the National Housing Act to permit the FHA to include in debentures the cost of acqui-

sition and the cost of conveyance title to FHA.

Regular rental housing program

Section 106: Amends section 207 of the National Housing Act to delete all provisions relating to housing for elderly persons, since the proposed bill (in title II) establishes a new FHA section 231 program of mortgage insurance for elderly persons' housing.

The present dollar limitation on the maximum amount of a section 207 mortgage would be increased, as follows:

	Present		Proposed	
	Per room	Per unit if under 4 rooms	Per room	Per unit if under 4 rooms
Garden type.....	\$2,250	\$8,100	\$2,500	\$9,000
Elevator type.....	2,700	8,400	3,000	9,400
Increase for high cost areas.....	1,000		1,250	

Amends section 207(c) (3) to increase the mortgage limits for trailer courts or parks from \$1,000 to \$1,500 per space, and from \$300,000 to \$500,000 per mortgage.

Interest rate increases

Section 107: (a) Amends section 207 of the National Housing Act by establishing a new interest rate ceiling of 5 percent (present ceiling 4½ percent) with authority for the Commissioner to increase the rate to 5½ percent if he finds such action is necessary to meet the mortgage market.

(b) Amends section 213(d) of the National Housing Act to establish a new interest rate ceiling for section 213 management-type cooperatives as in (a) above. This section also amends section 213(d) of the National Housing Act by authorizing the Commissioner to increase the interest rate on section 213 sales-type cooperatives to 6 percent if he determines such action is necessary to meet the mortgage market. (This section would not change the basic ceiling of 5 percent on sec. 213 sales-type mortgages.)

(c) Amends section 803(b) of the National Housing Act to establish a new interest rate ceiling for section 803 military housing mortgages as in (a) above.

Cooperative housing

Section 108: (a) Amends section 213(b) (2) of the National Housing Act to (1) increase the maximum loan ratio from 90 percent of replacement cost if 50 percent of the cooperators are veterans to 97 percent of replacement cost, and (2) increase the present dollar limitations on the maximum loan amount to the same amounts allowed for section 207.

(b) Amends section 213(d) to permit the inclusion of community and commercial facilities in mortgages on property held by sales-type and investor-sponsored cooperatives.

(c) Amends section 213 to extend the cooperative housing program to existing structures acquired by consumer cooperatives.

Mortgage ceilings for Alaska, Guam, and Hawaii

Section 109: Amends section 214 of the National Housing Act to provide that the 50 percent higher mortgage amount which the FHA Commissioner, at his discretion, may allow in Alaska, Guam, and Hawaii, may be applied to high-cost-area mortgage amounts in the programs where such high-cost-area provisions pertain. This section also permits the FHA Commissioner to assess a service charge in connection with mortgages assigned to him.

General mortgage insurance authorization

Section 110: Amends section 217 of the National Housing Act to increase FHA's general mortgage insurance authorization by \$5 billion for each of the fiscal years 1959 and 1960. The portion of the fiscal year 1959 increase which is unused through June 30, 1959, may not be added to the revolving fund.

Repeal of obsolete provision

Section 111: Repeals section 218 of the National Housing Act, an obsolete provision, which permitted the transfer of application fees from the FHA section 608 program to the section 207, regular rental housing program.

Housing in urban renewal areas

Section 112: (a) Amends section 220(d) (3) (A) of the National Housing Act (urban renewal housing) to increase the maximum mortgage amount which may be insured by FHA on sales housing, as follows: From \$20,000 to \$22,500 on one-family homes; from \$20,000 to \$25,000 on two-family homes; and from \$27,500 to \$30,000 on three-family homes. The existing ceiling of \$35,000 on four-family homes would not be changed.

(b) Amends section 220(d) (3) (B) of the National Housing Act (housing in urban renewal areas) to establish higher dollar limitations on the maximum amount of the mortgage on multifamily housing in urban renewal areas. The new ceilings would be the same as those proposed for FHA's section 207 (regular rental housing) program.

Amends section 220(d) (3) (B) to change the maximum permissible loan ratio from 90 percent of replacement cost (which may include a 10-percent allowance for builder's and sponsor's profit and risk) to 100 percent of replacement cost (excluding any allowance for builder's and sponsor's profit and risk).

Permits exterior land improvements (as defined by the FHA Commissioner) to be included in the mortgage without being computed as part of the per room or per unit cost limitations.

Permits the inclusion of such nondwelling facilities as the FHA Commissioner deems adequate to serve the needs of the occupants of the property and of other housing in the neighborhood.

(c) Amends section 220 to permit housing in urban renewal areas to be occupied by single persons.

Relocation housing

Section 113: Amends section 221 of the National Housing Act (relocation housing) to extend the benefits of the program to any family displaced within the environs of a community that has a workable program.

Section 114: (a) Amends section 121(d) (2) in order to (1) increase the maximum insurable loan for the construction or rehabilitation of sales housing from \$9,000 to \$10,000 in normal-cost areas, and from \$10,000 to \$12,000 in high-cost areas; and (2) make eligible for mortgage insurance two-, three-, and four-family dwellings which meet FHA minimum property standards and appropriate State and local housing ordinances or regulations.

(b) Increases the maximum insurable mortgage amount for multifamily projects from \$9,000 to \$10,000 per unit (from \$10,000 to \$12,000 in high-cost areas), and changes the valuation basis for computing the maximum insurable mortgage amount on relocation rental housing constructed by nonprofit mortgagors. At present private nonprofit corporations and public agencies are eligible for FHA-insured loans equal to 100 percent of the Commissioner's estimate of value. This subsection would place such mortgage insurance on a cost instead of a value basis for new construction.

This subsection would also make section 221 mortgage insurance available to other than nonprofit mortgagors for the produc-

tion of rental housing for displaced families, on the same basis as section 220 redevelopment housing; i.e., the mortgage would be in an amount equal to the estimated replacement cost or actual certified cost (whichever is lower), exclusive of any allowance for builder's and sponsor's profit and risk.

(c) Amends section 212(a) of the National Housing Act to apply the prevailing wage requirements of the Davis-Bacon Act to multifamily (10 or more families) structures under FHA section 221 (relocation housing).

Section 115: Amends section 222(b) of the National Housing Act (mortgage insurance for servicemen) to (1) permit the benefits of section 222 in the purchase of property constructed under the provisions of section 203(i), and (2) increase the maximum insurable mortgage from \$17,100 to \$20,000.

Cost certification

Section 116: Amends section 227 of the National Housing Act to revise the cost-certification requirements affecting FHA section 220, section 221, and the proposed section 231 in accordance with amendments made by other sections of this bill.

Voluntary termination of insurance

Section 117: Amends title II of the National Housing Act by adding a new section 229 to authorize the FHA Commissioner to terminate any mortgage insurance contract upon request of the mortgagor and mortgagee.

Avoidance of foreclosure

Section 118: Amends title II of the National Housing Act by adding a new section 230 to authorize the FHA Commissioner to extend the time for curing a mortgage default covering a 1- to 4-family residence, and, in order to avoid foreclosure, to acquire the mortgage.

Legal notifications sent by mail

Section 119: Amends section 512 of the National Housing Act to provide that certain legal notifications be considered sufficient if sent to the last known address.

Transient housing in Alaska

Section 120: Amends section 513 of the National Housing Act in order to permit certain FHA section 207 and section 608 projects in Alaska to be used for transient use for a period not to exceed 3 years.

TITLE II—HOUSING FOR THE ELDERLY

Section 201: Adds a new section 231 to the National Housing Act to provide a new program of housing for elderly persons.

(1) The dollar limits on the maximum amount of the mortgage would be the same as those proposed for FHA's section 207 (regular rental housing) program. Interest rate ceilings would be the same as those proposed for FHA's section 207 program.

(2) Would permit insurance of mortgages up to 100 percent of replacement cost for nonprofit corporations, and 100 percent of replacement cost (excluding any allowance for builder's and sponsor's profit and risk) for other than nonprofit corporations.

(3) Would require that not less than 50 percent of the living units in the project be designed specially for use and occupancy by elderly persons. Elderly persons would be given a preference or priority of opportunity to rent all units.

(4) The economic soundness test of FHA's regular rental housing program (sec. 207) would not be applicable to the new program for elderly persons.

(5) The FHA Commissioner would be authorized to establish regulations and restrictions as to rents, charges, capital structure, rate of return, and methods of operation.

(6) Would apply the prevailing wage requirements of the Davis-Bacon Act, except that the wages which must be certified under the Davis-Bacon Act may be reduced by

such amount as the FHA determines to have been fully credited to the mortgagor.

(7) Would include a provision making proprietary nursing homes eligible for FHA mortgage insurance, up to 75 percent of the value of the new or rehabilitated property. Mortgages insured under this new provision would bear an interest rate of 5 percent with authority for the Commissioner to increase the rate to 6 percent if he finds such action is necessary to meet the mortgage market. In addition, the Commissioner of the FHA would be required to obtain certain certifications from State agencies relative to the licensing and inspection of nursing homes prior to insuring mortgages.

TITLE III—URBAN RENEWAL

Statewide planning

Section 301: Amends section 101(b) of the Housing Act of 1949 by directing the HHFA Administrator to encourage the utilization of State agencies to provide effective solutions for urban renewal problems of smaller communities.

Technical

Section 302: Amends section 102(a) of the Housing Act of 1949 to clarify uncertainties in existing law whether the Federal Government's loan agreement with the local public agency covers interest as well as principal where local public agency pledging the loan agreement as collateral.

Early land acquisition and clearance

Section 303: Amends section 102(a) of the Housing Act of 1949 to authorize the HHFA Administrator to permit land acquisition and clearance prior to the signing of a loan and grant contract, provided local law permits such early acquisition and clearance, and provided that land acquired under this procedure shall not be disposed of until the urban renewal plan is approved by the local community.

Urban renewal loan authorization

Section 304: Amends section 102(e) of the Housing Act of 1949 to permit the Administrator to make borrowings from the Treasury in excess of \$1 billion at discretion of the President.

Grant authorization

Section 305: Amends section 103(b) of the Housing Act of 1949 to provide a 6-year, \$2.1 billion slum-clearance and urban-renewal program, with an annual capital grant authorization of \$350 million, which could be increased by \$150 million in any 1 year.

Repayment of uncollectible advances

Section 306: Amends section 103(b) of the Housing Act of 1949 to authorize the use of urban renewal grant funds to repay Treasury loans made to finance urban planning advances which are now uncollectible because of cancellation of the project.

Community renewal programs

Section 307: Amends section 103 of the Housing Act of 1949 by adding a new subsection (c) to authorize planning grants for the preparation of community renewal programs, which would enable a community to survey its urban renewal needs and resources, and schedule projects.

Technical

Section 308: Amends section 105(b) of the Housing Act of 1949 to facilitate public improvements involving the Federal Government and the District of Columbia in connection with urban renewal projects.

Section 309: Amends section 106(e) of the Housing Act of 1949 to eliminate the provision in existing law that not more than 12½ percent of the total loan authorization may be obligated in any one State; does not alter the 12½ percent State limitation on grant authorization.

Relocation payments

Section 310: (a) Amends section 106(f) of the Housing Act of 1949 to authorize relocation payments when the displacement is a result of any governmental activity in an urban renewal area, and of programs of voluntary repair and rehabilitation; increases from \$100 to \$200 the maximum amount of relocation payments to individuals and families; and increases from \$2,500 to \$3,000 the maximum amount of relocation payments to business establishments.

(b) Amends section 106 by adding a new subsection (g) to give business concerns which are displaced from urban renewal areas a priority of opportunity, insofar as practicable and desirable (as determined by the local governing body), to purchase or lease commercial or industrial facilities provided in connection with area redevelopment.

Priority for State-assisted projects

Section 311: Amends section 106 of the Housing Act of 1949 to establish a priority for projects toward which a State contributes at least one-half of the required local grant-in-aid.

Planning requirements

Section 312: Amends section 110(b) of the Housing Act of 1949 to authorize the HHFA Administrator to expedite urban renewal projects by permitting him to omit or to simplify present detailed requirements for the urban renewal plan.

Nonresidential development

Section 313: Amends section 110(c) of the Housing Act of 1949 to permit up to 20 percent (now 10 percent) of the total capital grant authorization to be used for areas which are not predominantly residential, and which are not to be redeveloped for predominantly residential uses, even if such areas do not include a substantial number of slum dwellings as presently required.

Noncash grants-in-aid

Section 314: (a) Amend section 110(d) of the Housing Act of 1949 to provide that improvements and facilities that are otherwise eligible may be credited as local grants-in-aid to urban renewal projects, provided their commencement does not precede the signing of the loan and grant contract for the project by more than 5 years.

(b) Amends section 110(d) to permit the cost of certain public improvements serving the urban renewal area to be credited as a local grant-in-aid when financed by revenue bonds payable from service charges against the users of the system.

Credit for interest payments

Section 315: Amends section 110(e) of the Housing Act of 1949 to authorize the HHFA to include interest on advances by a city (local public funds) as an item of gross project cost for an urban renewal project.

Uniform date

Section 316: Amends section 110(g) of the Housing Act of 1949 to make uniform the date for determining the application of the "going Federal rate" of interest under urban renewal contracts.

Technical

Section 317: Makes conforming amendments.

Federal recognition

Section 318: Waives the requirement in section 110(d) of the Housing Act of 1949 for communities whose projects could not obtain Federal recognition during the period from January 1, 1957, through December 31, 1958, because of limitations on the HHFA Administrator to make capital grants or to reserve funds. Under existing law, such Federal recognition is required to enable the local community to include local activities and facilities as noncash grants-in-aid.

Urban renewal areas involving colleges

Section 319: Adds a new section 112 to the Housing Act of 1949 to (1) remove "predominantly residential" requirement in areas involving an educational institution; (2) permit credit toward the locality's one-third share of expenditures made by the educational institution in purchasing property and in clearing the property; (3) permit the expenditure to be counted toward a community's local share provided the expenditure is made no more than 5 years prior to the signing of the loan and grant contract for the urban renewal project.

Urban planning

Section 320: (a) Amends section 701 of the Housing Act of 1954 (grants to assist urban planning) to extend the scope of the urban planning grant to (1) include any group of adjacent communities, having a total population of less than 50,000, and having common or related urban planning problems; (2) include a county or a group of counties; and (3) include municipalities having a population of less than 50,000.

(b) Amends section 701 to increase the authorization for grants to assist urban planning from \$10 million to \$20 million.

Investments by banks in long-term obligations of local public agencies

Section 321: Amends section 24, title XII of the United States Code (the National Bank Act) to permit national banks and State member banks (to the extent permitted by State laws) of the Federal Reserve System to purchase or underwrite obligations of local public agencies having a maturity of more than 18 months.

TITLE IV—LOW-RENT HOUSING

Declaration of policy

Section 401: Amends section 1 of the U.S. Housing Act of 1937 to add the following policy objectives: to make adequate provision for larger families and for families consisting of elderly persons; where a local housing authority has determined that the acquisition and repair, rehabilitation or remodeling of existing dwellings by the local public agency for use as a low-rent housing project is in the public interest of the community, the Public Housing Commissioner and the Housing and Home Finance Administrator shall encourage and facilitate such undertakings; to vest in local housing authorities full responsibility for the establishment of rents and eligibility requirements (subject to income limit ceilings provided in the act); and to authorize local housing authorities to permit families whose income increases beyond the limits for continued occupancy to remain in their homes either through group or individual purchase, or as tenants paying a nonsubsidized rent if private housing is not available to them.

Rents and income limits

Section 402: Amends several sections of the U.S. Housing Act of 1937 to permit local housing authorities to set rents and income limits for their low-rent projects, subject to a statutory ceiling on income limits.

(a) and (b) are technical, amending sections 2(1) and 15(7) (b) to delete provisions to be covered by other sections of the act.

(c) amends section 15(8) (a) to authorize the local agency to fix maximum income limits for admission and continued occupancy. The statutory ceiling would differ from existing law in two respects: (1) the present \$100 exemption for each minor or adult dependent is eliminated; (2) the 20-percent gap requirement is waived for displaced families. It also removes the Public Housing Administration's authority to require the prior approval of specific income limits set by the local agency.

(d) and (e) amend sections 15(8) (b) and 15(8) (d) to remove references to the Pub-

lic Housing Administration's power of prior approval of specific income limits.

(f) repeals section 502(b) of the Housing Act of 1948, relating to the exemption of benefits for disability or death occurring in connection with military service, which is incorporated in the basic act by subsection (c) above.

Central administrative office facilities

Section 403: Amends section 2(5) of the act of 1937 to permit a local public housing agency to furnish administrative facilities to the local urban renewal agency, at economic rent, in localities where the public housing agency and the local public agency operate as separate legal entities but with a common administrative staff.

Use of existing dwellings

Section 404: Provides that where a local housing authority determines and certifies to the Public Housing Commissioner and to the Housing and Home Finance Administration that the acquisition and repair, rehabilitation or remodeling of existing dwellings for use as a low-rent housing project, the Commissioner and the Administrator shall employ the powers, functions, and duties vested in them by the United States Housing Act of 1937, as amended, or any other act in such manner as shall facilitate and encourage the undertaking and carrying out of such a low-rent housing project by such local public housing agency, and the annual report of the Administrator shall include information on the number of such cases and the manner in which such functions, powers, and duties were so employed and exercised in such cases.

Authorization

Section 405: Amends section 10(1) of the act of 1937 by increasing the authorization for new annual contribution contracts by an additional 35,000 units to become available July 1, 1959. It would also extend by 2 years the period during which the existing authorizations would be available. This would make available for 2 additional years, until July 31, 1960, any units not contracted for under the first authorization of 35,000 units which expired July 31, 1958, would extend the second authorization of 35,000 units to June 30, 1961, and make the new authorization of 35,000 units available until June 30, 1963.

Overincome tenants

Section 406: (a) Amends section 15(8) of the U.S. Housing Act of 1937 by adding a new paragraph (e) to stipulate the terms on which a low-rent dwelling unit may be sold to a public housing tenant. The tenant would be required to pay local taxes, amortize the full purchase price of his home, and pay interest at not less than the cost of money to the local agency. The local agency would have an option to repurchase a dwelling if the family fails to carry out its contract. This plan is permissive with local agencies. If any agency finds it is not feasible to operate under this plan, it could permit overincome tenants to remain in occupancy if the local agency determines that it is impossible for the family to rent or buy a decent private dwelling, and if an unsubsidized rent is paid.

(b) Technical: Amends the act in a number of places to make possible the sale of low-rent units.

Amendments to existing contracts

Section 407: Amends the U.S. Housing Act of 1937 by adding a new section 30 to provide that existing annual contribution contracts shall be revised, upon request of local agencies, in accordance with the terms of the act of 1937 as it is amended at any time, provided that the interest of the holders of outstanding bonds is not jeopardized.

Low-rent housing in urban renewal areas

Section 408: (a) Amends section 107 of the Housing Act of 1949 to facilitate the development of low-rent housing in urban renewal areas. Under existing law, when a new public housing project is located outside of an urban renewal area, the locality is required to make a local contribution in the form of tax exemption, but if located within an urban renewal area a further local contribution is required equal to one-third of the writedown in land value. The proposed amendment would eliminate this difference by accepting tax exemption as the only required local contribution for low-rent projects in urban renewal areas. This provision will apply to Federal, State, and city projects.

(b) Provides that where land to be acquired as part of an urban renewal project is made available to a local housing authority as a site for a low-rent housing project assisted under the U.S. Housing Act of 1937, as amended, an amount equal to the price for such land shall be included as a part of the development cost of such low-rent housing project and paid over by the local housing authority to the local agency undertaking such urban renewal project as the purchase price for said land.

TITLE V—COLLEGE HOUSING

Section 501: Amends section 401(d) of the Housing Act of 1950 to increase the revolving fund for college housing loans by \$400 million (the present ceiling is \$925 million). Of the \$400 million increase, \$50 million is reserved for other educational facilities, increasing the reservation for this purpose from \$100 million to \$150 million, and \$50 million is reserved for student-nurse and intern housing facilities, increasing the reservation for this purpose from \$25 million to \$75 million.

Section 502: Amends title IV of the Housing Act of 1950 by adding new sections 405 and 406 which authorize the Administrator to make and guarantee loans to educational institutions for the construction of new, or rehabilitation of existing classrooms, laboratories, and related facilities, including equipment and utilities. Authorizes a revolving fund of \$125 million to finance the new loan program, and \$125 million to finance the new guarantee program. This section also provides for the prevailing wage scale under the Davis-Bacon Act to be applicable to all construction financed with college housing loans.

TITLE VI—ARMED SERVICES HOUSING

Section 601: (a) Amends section 803(a) of the National Housing Act to extend the military housing program (secs. 803 and 809) for 1 year, until June 30, 1960.

(b) Amends section 803(b) to increase from 25 to 30 years the maximum maturity of mortgages insured under this section.

(c) Amends section 803(b) of the National Housing Act to permit the Commissioner to include the cost of nondwelling facilities as a part of the mortgage security, adequate to serve the occupants of military housing.

(d) Amends section 803(c) of the National Housing Act to permit the Commissioner to reduce insurance premiums below one-half of 1 percent per annum with respect to Wherry projects acquired by the Secretary of Defense.

Defense housing for impacted areas

Section 602: (a) Amends title VIII of the National Housing Act by adding a new section 810 to authorize the FHA Commissioner to insure mortgages on single-family and multifamily projects (not to exceed 3,000 units), the need for which is certified by the Secretary of Defense. Insurance would be on an acceptable risk rather than an economic soundness basis. The projects would be held for rental for a period of

not less than 5 years unless released by the military for sale. Priority in rental or sale is given to military personnel and essential civilian personnel of the armed services as evidenced by certification issued by the Secretary of Defense.

(b) Amends section 808 of the National Housing Act to make applicable the provisions of section 227 of the National Housing Act (cost certification).

(c) Amends section 212(a) of the National Housing Act to make applicable the prevailing wage requirements of the Davis-Bacon Act.

(d) Amends section 305(f) of the National Housing Act to make section 810 mortgages eligible for purchase by the Federal National Mortgage Association under its special assistance function.

Acquisition of rental housing projects

Section 603: (a) and (b) Amend sections 404(a) and (b) of the Housing Amendments of 1955 to permit the Secretary of Defense to acquire FHA section 207 rental projects, if completed prior to July 1, 1952, and certified by the Department of Defense as necessary for military housing purposes, and to make the acquisition of such projects mandatory if section 803 housing is constructed in the area of the FHA section 207 projects.

(c) Amends section 407(f) of the act entitled "An act to authorize certain construction at military installations, and for other purposes," approved August 30, 1957, in order to exempt FHA section 207 rental projects covered by this section from being declared "substandard" because the units in such projects do not meet minimum floor area prescribed for other military housing.

TITLE VII—MISCELLANEOUS

Federal National Mortgage Association

Section 701: (a) Amends section 302(b) of the National Housing Act to increase from \$15,000 to \$20,000 the dollar limit for mortgages purchased under the Federal National Mortgage Association's secondary market operations. Also permits FNMA to purchase mortgages insured by FHA under section 220 of the National Housing Act in principal amounts as insured by FHA.

(b) Amends section 305(b) of the National Housing Act to extend for 2 years (until August 7, 1960) the requirement that the Federal National Mortgage Association purchase mortgages under its special assistance functions at par.

(c) Amends section 306 of the National Housing Act in order to permit the Federal National Mortgage Association to assume the ownership, servicing, and sale of certain mortgages and other obligations acquired, or to be acquired, by the PHA in connection with the liquidation of various housing projects.

(d) Amends sections 304(b), 306(b), and 310 of the National Housing Act in order to permit the Federal National Mortgage Association to invest its excess funds in Federal intermediate credit bank debentures, Federal home loan bank notes, Federal land bank bonds, and banks for cooperative debentures.

Farm housing research

Section 702: (a) Amends section 603(c) of the Housing Act of 1957 to extend the farm housing research program for a period of 3 years, beginning July 1, 1959, and authorizes an annual appropriation of \$75,000.

(b) Directs the HHFA Administrator to study the housing needs of migratory farmworkers.

Surveys of public works planning

Section 703: Amends section 702 of the Housing Act of 1954 by adding a new subsection (f) to authorize the Administrator to use, in any one fiscal year, up to \$50,000 of the revolving fund to conduct surveys of the status and current volume of State and

local public works planning and surveys of estimated requirements for State and local public works.

Servicemen's Readjustment Act of 1944

Section 704: (a) Amends section 1802(d) of title 38, United States Code, to permit the VA to expand the existing class of supervised lenders to include a new category of mortgage lenders. A supervised lender is entitled to make a VA loan without prior approval by the VA. The new category would consist of approved mortgagees under the certified agency program of the FHA. The inclusion of the new category would not be automatic; each applicant must be acceptable to the VA.

(b) Amends section 803(c) of title 38, United States Code, to increase the statutory maximum interest rate on VA-guaranteed and direct home loans from 4 $\frac{3}{4}$ percent to 5 $\frac{1}{4}$ percent.

(c) Amends sections 504(c) and 514 of the Servicemen's Readjustment Act of 1944 to authorize the Administrator of Veterans' Affairs to prohibit builders and lenders from participating in the VA home loan programs, if such builders or lenders have been barred from the benefits of the National Housing Act by the Federal Housing Commissioner.

(d) Amends section 513(d) of the Servicemen's Readjustment Act of 1944 to provide an additional \$300 million for the VA direct home loan program.

Consolidation of Lanham Act and other low-rent projects

Section 705: Amends section 606 of the act entitled "An act to expedite the provisions of housing in connection with national defense and for other purposes," approved October 14, 1950, to permit the commingling of Lanham Act and low-rent project funds and the use of all residual receipts for reduction of any Federal annual contributions contract under the consolidated contract.

Disposal of projects

Section 706: (a) Amends section 607 of the act of October 14, 1940 (Lanham Act), to authorize the PHA Commissioner to modify the terms of any contract relating to any housing projects disposed of by him to cooperatives.

(b) Amends section 406(c) of the Housing Act of 1956 to extend until January 31, 1961, the time in which military personnel may continue to occupy war housing projects PA-36011 and PA-36012 (Passayunk) which are presently owned by the Housing Authority of Philadelphia, Pa.

(c) Amends sections 12(c) and 13(e) of the U.S. Housing Act of 1937 to permit the PHA to sell three PWA low-rent projects to other than a local public agency.

Voluntary home mortgage credit program

Section 707: Amends section 610 of the Housing Act of 1954 to extend the voluntary home mortgage credit program for 2 years, until July 31, 1961.

Planning scholarships and fellowships

Section 708: Authorizes \$500,000 annually for a 3-year period to be used by the HHFA Administrator to provide scholarships and fellowships in public and private non-profit institutions of higher education for the graduate training of professional city planning and housing technicians and specialists.

Home Owner's Loan Act of 1933

Section 709: Amends section 5(c) of the Home Owner's Loan Act of 1933, as amended, to permit an insured savings and loan association to invest an amount not exceeding at any one time 5 percent of its withdrawable accounts in loans to finance the acquisition and development of land for primarily residential usage.

Hospital construction

Section 710: Revives and extends until June 30, 1960, the authority of the Housing Administrator to make hospital construction loans or grants or other payments under the Defense Housing and Community Facilities and Services Act of 1951, in cases where loans, grants or payments were denied solely because of the availability of funds for the fiscal year 1959.

CORDON RULE

In the opinion of the committee, it is necessary to dispense with the requirements of subsection 4 of rule XXIX of the Standing Rules of the Senate in order to expedite the business of the Senate in connection with this report.

Mr. CAPEHART. Mr. President, I offer an amendment in the nature of a substitute for S. 57.

The PRESIDING OFFICER. Without objection, the amendment will not be read in its entirety, but will be printed at this point in the RECORD.

The amendment is as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Housing Act of 1959".

TITLE I—FHA INSURANCE

Sec. 101. Section 2(a) of the National Housing Act is amended by striking out "on and after July 1, 1939, and prior to September 30, 1959."

Sec. 102. (a) Section 2(a) of such Act is amended by striking out the last sentence of the first paragraph thereof.

(b) Section 203(a) of such Act is amended by striking out the colon and all that follows the colon and placing a period after the word "thereon".

(c) Section 203(i) of such Act is amended by striking out the comma following the word "highway" and everything that follows and inserting a period in lieu thereof.

(d) Section 217 of such Act is repealed.

(e) Section 701 of such Act is amended by striking out the colon at the end of the first proviso and everything that follows and inserting a period in lieu thereof.

Sec. 103. (a) Section 8(g) of such Act is amended by striking out "and (h) of section 204" and inserting in lieu thereof "(h), (j) and (k) of section 204."

(b) Sections 213(e), 222(f)(1), 221(g)(1), 222(e) and 809(e) of such Act are each amended by striking out "and (j) of section 204" and inserting in lieu thereof "(j) and (k) of section 204".

Sec. 104. Section 203(b) of such Act is amended by—

(1) striking out "\$20,000" in paragraph (2) and inserting in lieu thereof "\$25,000"; and

(2) striking out the period at the end of paragraph (8) and inserting in lieu thereof a colon and the following: "Provided, That such 85 per centum limitation shall not be applicable if the mortgagor and mortgagee assume responsibility in a manner satisfactory to the Commissioner for the reduction of the mortgage by an amount not less than 15 per centum of the outstanding principal amount thereof in the event the mortgaged property is not, prior to the due date of the eighteenth amortization payment of the mortgage, sold to a purchaser acceptable to the Commissioner who is the occupant of the property and who assumes and agrees to pay the mortgage indebtedness."

Sec. 105. Section 204(k) of such Act is amended to read as follows:

"(k) Notwithstanding any other provision of this section or of section 604 or 904 and with respect to any debentures issued in exchange for properties conveyed to and accepted by the Commissioner after the ef-

fective date of the Housing Act of 1959 in accordance with such sections, the Commissioner may: (1) include in debentures reasonable payments made by the mortgagee with the approval of the Commissioner for the purpose of protecting, operating, or preserving the property, and taxes imposed upon any deed or any other instrument by which the property was acquired by the mortgagee and transferred or conveyed to the Commissioner; (2) include in debentures as a portion of foreclosure costs (to the extent that foreclosure costs may be included in such debentures by any other provision of this act) payments made by the mortgagee for the cost of acquiring the property and conveying and evidencing title to the property to the Commissioner; and (3) terminate the mortgagee's obligation to pay mortgage insurance premiums upon receipt of an application for debentures filed by the mortgagee, or in the event the contract of insurance is terminated pursuant to section 229."

Sec. 106. Section 207 of such Act is amended by—

(1) striking out in subsection (b) "(except provisions relating to housing for elderly persons)" and "(except with respect to housing designed for elderly persons, with occupancy preference therefor, as provided in the paragraph following paragraph (3) of subsection (c))";

(2) striking out in subsection (c) the first unnumbered paragraph following paragraph (3);

(3) striking out "4 $\frac{1}{2}$ per centum" in the first sentence of the second unnumbered paragraph following paragraph (3) of subsection (c) and inserting in lieu thereof "5 $\frac{1}{2}$ per centum"; and

(4) adding at the end thereof a new subsection (r) to read as follows:

"(r) Notwithstanding any other provision of this Act, the Commissioner is authorized to include in any mortgage insured under any title of this act, after the effective date of the Housing Act of 1959, a provision requiring the mortgagor to pay a service charge to the Commissioner in the event such mortgage is assigned to and held by the Commissioner. Such service charge shall not exceed the amount prescribed by the Commissioner for mortgage insurance premiums applicable to such mortgage."

Sec. 107. Section 212(a) of such Act is amended by adding before the period at the end thereof "and any mortgage insured under sections 221(d)(4) and 230(c)(4)".

Sec. 108. Section 213(d) of such Act is amended by—

(1) striking out the first sentence and inserting in lieu thereof the following: "Any mortgage insured under this section shall provide for complete amortization by periodic payments within such term as the Commissioner may prescribe but not to exceed 40 years and from the beginning of amortization of the mortgage, and shall bear interest (exclusive of premium charges for insurance) at not to exceed 5 $\frac{1}{2}$ per centum per annum, on the amount of the principal obligation outstanding at any time, except that individual mortgages insured pursuant to this subsection covering the individual dwellings in the project may bear interest at such per centum per annum, not in excess of 6 per centum per annum on the amount of the principal obligation outstanding at any time, as the Commissioner finds necessary to meet the mortgage market."; and

(2) striking out the last sentence and inserting in lieu thereof the following: "Property covered by a mortgage executed by a corporation or trust of the character described in subsection (a) shall include eight or more family units. Property covered by a mortgage executed by a corporation or trust of the character described in paragraph (1) or (3) of subsection (a) of this section may include such commercial

and community facilities as the Commissioner deems adequate to serve the occupants of the property."

SEC. 109. The first sentence of section 214 of such Act is amended by striking out "mortgage amounts provided in this act," and inserting in lieu thereof "mortgage amounts including increased mortgage amounts in geographical areas where cost levels require an increase) provided in this Act."

SEC. 110. Section 218 of such Act is repealed.

SEC. 111. Section 220(d) (3) of such Act is amended to read as follows:

"(3) The mortgage shall—

"(A) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not in excess of—

"(i) \$25,000 in the case of a property upon which there is located a dwelling designed principally for a one- or two-family residence, or in the case of a dwelling (or dwellings) designed for more than two families, but less than twelve families, such greater amount as the Commissioner may prescribe;

"(ii) 97 per centum of \$13,500 of the Commissioner's estimate of the replacement cost of the property as of the date the mortgage is accepted for insurance plus 85 per centum of such cost in excess of \$13,500 but not in excess of \$16,000 and 70 per centum of such cost in excess of \$16,000 if the application for insurance is for construction of a proposed dwelling approved for insurance prior to the beginning of construction;

"(iii) 97 per centum of \$13,500 of the Commissioner's estimate of the appraised value of the property as of the date the mortgage is accepted for insurance plus 85 per centum of such value in excess of \$13,500 but not in excess of \$16,000 and 70 per centum of such value in excess of \$16,000 if the application for insurance covers (1) an existing dwelling, the construction of which was completed more than one year preceding the date of the application for insurance, or (2) a dwelling which is to be rehabilitated with the mortgage proceeds;

"(iv) 90 per centum of \$13,500 of the Commissioner's estimate of the appraised value of the property as of the date the mortgage is accepted for insurance plus 85 per centum of such value in excess of \$13,500 but not in excess of \$16,000 and 70 per centum of such value in excess of \$16,000 if the application for insurance covers (1) a dwelling under construction at the time the application is filed, or (2) an existing dwelling, the construction of which was completed within one year prior to the date of the application for insurance;

"(v) 85 per centum of any mortgage amount computed under the foregoing provisions of this subparagraph (A) if the mortgagor is not the occupant of the property: *Provided*, That such 85 per centum limitation shall not be applicable if the mortgagor and mortgagee assume responsibility in a manner satisfactory to the Commissioner for the reduction of the mortgage by an amount not less than 15 per centum of the outstanding principal amount thereof in the event the mortgaged property is not, prior to the due date of the eighteenth amortization payment of the mortgage, sold to a purchaser acceptable to the Commissioner who is the occupant of the property and who assumes and agrees to pay the mortgage indebtedness;

"(B) (1) not exceed \$12,500,000, or, if executed by a mortgagor coming within the provisions of paragraph (2) (B) of this subsection (d), not exceed \$50 million;

"(ii) not exceed (in the case of a property or project approved for mortgage insurance prior to the beginning of construction) the

Commissioner's estimate of the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner, but shall not include any allowance for builder's or sponsor's general overhead and profit);

"(iii) not exceed 90 per cent of the Commissioner's estimate of the value of the property or project when the proposed improvements are completed if the proceeds of the mortgage are to be used for the repair or rehabilitation of a project or property; and

"(iv) not exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), \$2,250 per room (or \$8,100 per family unit if the number of rooms in such property or project is less than four per family unit). The Commissioner may, in his discretion, increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,700 per room and the dollar amount limitation of \$8,100 per family unit to not to exceed \$8,400 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures and may, in his discretion, increase any of the foregoing dollar amount limitations by not to exceed \$1,000 per room without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require.

"(v) include such nondwelling facilities as the Commissioner deems adequate to serve the needs of the occupants of the property and of other housing in the neighborhood."

SEC. 112. Section 221 of such Act is amended by—

(1) inserting in the first proviso of the second sentence of subsection (a) the word "reasonable" immediately preceding the word "preference";

(2) striking out "\$10,000" in paragraph (2) of subsection (d) and inserting in lieu thereof "\$12,000";

(3) striking out paragraph (3) of subsection (d) and inserting the following new paragraph (3):

"(3) if executed by a mortgagor which is a private nonprofit corporation, association, or organization acceptable to the Commissioner, not exceed—

"(i) \$12,500,000; and

"(ii) \$9,000 per family unit for such part of such property or project as may be attributable to dwelling use except that the Commission may increase this amount to not to exceed \$10,000 in any geographical area where he finds that cost levels so require; and

"(iii) the Commissioner's estimate of the replacement cost of the property or project when the proposed improvements are completed in the case of a property or project approved for mortgage insurance prior to the beginning of construction (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approval by the Commissioner); or

"(iv) the Commissioner's estimate of the value of the property or project when the proposed improvements are completed if the proceeds of the mortgage are to be used for the repair or rehabilitation of a property or project;";

(4) inserting the following new paragraph (4) in subsection (d) and renumbering paragraph (4) to be paragraph (5):

"(4) if executed by a mortgagor which is not a nonprofit organization, not exceed—

"(i) \$12,500,000; and

"(ii) \$9,000 per family unit for such part of such property or project as may be attributable to dwelling use except that the Commissioner may increase this amount to not to exceed \$10,000 in any geographical area where he finds that cost levels so require; and

"(iii) the Commissioner's estimate of the replacement cost of the property or project when the proposed improvements are completed in the case of a property or project approved for mortgage insurance prior to the beginning of construction (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner, but shall not include any allowance for builder's or sponsor's general overhead or profit); or

"(iv) 90 per centum of the Commissioner's estimate of the value (as of the date the mortgage is accepted for insurance) of the property or project when the proposed improvements are completed if the proceeds of the mortgage are to be used for the repair or rehabilitation of a property or project;";

(5) striking out the period at the end of subsection (d) and inserting in lieu thereof a semicolon and the following new paragraphs (6) and (7):

"(6) in the case of mortgages meeting the requirements of paragraphs (3) or (4) of this section, cover a property or project for use as rental accommodations for twelve or more families eligible for occupancy as provided in this section; and

"(7) in the case of mortgages meeting the requirements of such paragraphs (3) or (4), be executed by a mortgagor approved by the Commissioner. The Commissioner may in his discretion require such mortgagor to be regulated or restricted as to rents, sales, charges, capital structure, rate of return and methods of operation, and for such purpose the Commissioner may make such contracts with and acquire, for not to exceed \$100, such stock or interest in any such mortgagor as the Commissioner deems necessary to render effective such restriction or regulation. Such stock or interest shall be paid for out of the Section 221 Housing Insurance Fund and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance."

(6) inserting the following before the period at the end of subsection (f): "and may include such commercial and community facilities as the Commissioner deems adequate to serve the occupants"; and

(7) striking out "paragraph (3)" in paragraph (2) of subsection (g) and inserting in lieu thereof "paragraph (3) or (4)".

SEC. 113. Section 227 of such Act is amended by—

(1) striking out clause (iv) in subsection (a) and everything following clause (iv) and inserting in lieu thereof the following: "(iv) under section 221 if the mortgage meets the requirements of paragraph (3) or (4) of subsection (d) thereof, or (v) under section 230;" and

(2) striking out in subsection (c) the last two sentences and inserting in lieu thereof the following: "In the case of a mortgage insured under section 220(d) (3) (B) (ii) or section 221(d) (4) (iii), the 'actual cost' computed pursuant to the provisions of this paragraph (c) shall not include the allowances for general overhead items and builder's profit set forth in clause (i) of this subsection."

SEC. 114. Title II of such Act is amended by adding the following at the end thereof:

"Voluntary termination of insurance"

"Sec. 229. Notwithstanding any other provision of this Act and with respect to any mortgage heretofore or hereafter insured under this Act, the Commissioner is authorized to terminate any mortgage insurance contract upon request by the mortgagor and mortgagee and upon payment of such termination charge as the Commissioner determines to be equitable, taking into consideration the necessity of protecting the various insurance funds. Upon such termination mortgagors and mortgagees shall be entitled to the rights, if any, to which they would be entitled under this Act if the insurance contract were terminated by payment in full of the insured mortgage."

SEC. 115. Title II of such Act is amended by adding the following at the end thereof:

"Housing for the elderly"

"Sec. 230. (a) The purpose of this section is to assist in relieving the shortage of housing for elderly persons and to increase the supply of rental housing for elderly persons.

"For the purposes of this section—

"(1) the term 'housing' means a project or property having eight or more new or rehabilitated living units, specially designed for the use and occupancy of elderly persons;

"(2) the term 'elderly person' means any person, married or single, who is sixty years of age or more;

"(3) the terms 'mortgage', 'mortgagee', 'mortgagor', and 'maturity date' shall have the meanings set forth in section 207 of this Act.

"(b) The Commissioner is authorized to insure any mortgage (including advances on mortgages during construction) in accordance with the provisions of this section upon such terms and conditions as he may prescribe and to make commitments for insurance of such mortgages prior to the date of their execution or disbursement thereon.

"(c) To be eligible for insurance under this section, a mortgage to provide housing for elderly persons shall—

"(1) involve a principal obligation in an amount not to exceed \$12,500,000, or, if executed by Federal or State instrumentalities, municipal corporate instrumentalities of one or more States, or nonprofit development or housing corporations restricted by Federal or State laws or regulations of State banking or insurance departments as to rents, charges, capital structure, rate of return, and methods of operation, not to exceed \$50 million;

"(2) not exceed, for such part of such property or project as may be attributable to dwelling use, \$8,100 per living unit: *Provided*, That the Commissioner may, in his discretion, increase the dollar amount limitation of \$8,100 per unit to not to exceed \$8,400 per unit to compensate for the higher costs incident to the construction of elevator-type structures and may increase each of the foregoing dollar amount limitations by not to exceed \$1,000 per room in any geographical area where he finds that cost levels so require;

"(3) if executed by a mortgagor which is a private nonprofit corporation, association or organization acceptable to the Commissioner, involve a principal obligation not in excess of 90 percent of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner);

"(4) if executed by a mortgagor approved by the Commissioner which is not a non-

profit corporation, association, or organization, involve a principal obligation not in excess of 90 percent of the Commissioner's estimate of the value of the property or project when the proposed improvements are completed (the Commissioner may in his discretion require such mortgagor to be regulated or restricted as to rents, sales, charges, capital structure, rate of return, and methods of operation, and for such purpose the Commissioner may make such contracts with and acquire, for not to exceed \$100, such stock or interest in any such mortgagor as the Commissioner deems necessary to render effective such restriction or regulation. Such stock or interest shall be paid for out of the Housing Insurance Fund and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance);

"(5) provide for complete amortization by periodic payments within such term as the Commissioner shall prescribe;

"(6) bear interest (exclusive of premium charges for insurance) at not to exceed 5½ per centum per annum on the amount of the principal obligation outstanding at any time;

"(7) cover a property or project which is approved for mortgage insurance prior to the beginning of construction or rehabilitation, which is specially designed for the use and occupancy of elderly persons in accordance with standards established by the Commissioner, and which may include such commercial and special facilities as the Commissioner deems adequate to serve the occupants.

"(d) The Commissioner may consent to the release of a part or parts of the mortgaged property from the lien of any mortgage insured under this section upon such terms and conditions as he may prescribe, and shall prescribe such procedures as in his judgment are necessary to secure to elderly persons a preference or priority of opportunity to occupy such property.

"(e) The provisions of subsections (d), (e), (f), (g), (h), (i), (j), (k), (l), (m), (n), and (p) of section 207 of this Act shall apply to mortgages insured under this section, and all references therein to section 207 shall refer to this section."

SEC. 116. Section 512 of such Act is amended by adding the following at the end thereof: "For the purposes of compliance with this section the Commissioner's notice of a proposed determination under this section shall be considered to have been received by the interested person or firm if the notice is properly mailed to the last known address of such person or firm."

SEC. 117. Section 802 of such Act is amended by—

(1) striking out "June 30, 1959" in subsection (a) and inserting in lieu thereof "June 30, 1960";

(2) striking out the second sentence in paragraph (3) of subsection (b) and inserting in lieu thereof the following: "The mortgage shall provide for complete amortization by periodic payments within such term as the Commissioner shall prescribe, but not to exceed thirty years from the beginning of amortization of the mortgage, and shall bear interest (exclusive of premium charges for insurance) at not to exceed 5½ per centum per annum of the amount of the principal obligation outstanding at any time.;"

(3) adding at the end of said paragraph (3) the following: "The property or project may include such nondwelling facilities as the Commissioner deems adequate to serve the occupants.;" and

(4) adding at the end of subsection (c) the following: "The Commissioner is further authorized to reduce the amount of premium below one-half of 1 per centum per annum with respect to any mortgage acquired by the Secretary of Defense or his designee if the mortgage is insured pursuant to the provisions of this title as in effect prior to August 11, 1955."

TITLE II—FEDERAL NATIONAL MORTGAGE ASSOCIATION

SEC. 201. Section 302(b) of the National Housing Act is amended by striking out everything following "(3)" and inserting in lieu thereof "except with respect to mortgages insured under section 803 or mortgages covering property located in Alaska, Guam, or Hawaii, the Association may not purchase any mortgage if the original principal obligation thereof for each family residence or dwelling unit covered by the mortgage exceeds or exceeded \$20,000 in the case of a mortgage offered for purchase under section 304, or \$15,000 in the case of a mortgage offered for purchase under section 305."

SEC. 202. Section 305(b) of such Act is amended by striking out everything following the first sentence thereof, and inserting in lieu thereof the following: "Subject to the provisions of this section, the prices to be paid by the Association for mortgages purchased in its operations under this section shall be established from time to time by the Association. The Association shall impose charges or fees for its services under this section with the objective that all costs and expenses of its operations under this section should be within its income derived from such operations and that such operations should be fully self-supporting."

SEC. 203. (a) Sections 304(b) and 306(b) of such Act are amended by striking out "and bonds or other obligations of, or bonds or other obligations guaranteed as to principal and interest by, the United States" and inserting in lieu thereof "and obligations of the United States or guaranteed thereby, or obligations which are lawful investments for fiduciary, trust, or public funds".

(b) Section 310 of such Act is amended by striking out "in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States" and inserting in lieu thereof "in obligations of the United States or guaranteed thereby, or in obligations which are lawful investments for fiduciary, trust, or public funds".

SEC. 204. (a) Section 306 of such Act is amended by adding at the end thereof the following subsection:

"(e) Notwithstanding any of the provisions of this Act or of any other law, the Association is authorized, under the aforesaid separate accountability, to make commitments to purchase and to purchase, service, or sell any mortgages offered to it by the Housing and Home Finance Administrator or the Housing and Home Finance Agency, or by such Agency's constituent units or agencies or the heads thereof, after such Administrator has found the acquisition thereof by the Association to be in the interest of the efficient management and liquidation of the mortgages. There shall be excluded from the total amounts set forth in subsection (c) hereof the amounts of any mortgages purchased by the Association pursuant to this subsection."

(b) In connection with the sale of any mortgages to the Federal National Mortgage Association pursuant to section 306(e) of the Federal National Mortgage Association Charter Act, the Housing and Home Finance Administrator is authorized, and any other official, unit, or agency selling such mortgages thereunder is directed, to transfer to the Association from time to time, from authorizations, limitations, and funds available for administrative expenses of such official, unit, or agency in connection with the same mortgages, such amounts thereof as said Administrator determines to be required for administrative expenses of the Association in connection with the purchase, servicing, and sale of such mortgages: *Provided*, That no such transfer shall be made after a budget estimate of the Association with respect to the same mortgages has been sub-

mitted to and finally acted upon by the Congress.

TITLE III—URBAN RENEWAL

SEC. 301. Section 101(b) of the Housing Act of 1949 is amended by adding at the end thereof a new sentence as follows: "The Administrator shall particularly encourage the utilization of local public agencies established by the States to operate on a statewide basis in behalf of small communities within the State, whenever that arrangement provides an effective solution to community development or redevelopment problems in such communities, and is approved by resolution or ordinance of the governing bodies of the affected communities."

SEC. 302. Section 102(a) of such act is amended by striking out in the second sentence the words "as part of the gross project cost" and inserting in lieu thereof "for such purposes."

SEC. 303. (a) Section 102(c) of such act is amended by—

(1) Inserting "feasibly, as determined by the Administrator," after "obtain";

(2) striking out "it may do so with the consent of" and inserting in lieu thereof "it shall do so under terms approved by"; and

(3) striking out "repayment of" and inserting in lieu thereof "repayment of the principal of and the interest on".

(b) Section 102(e) of such Act is amended to read as follows:

"(e) The total amount of loan contracts outstanding at any one time under this title shall not exceed the aggregate of the estimated expenditures to be made by local public agencies as part of the gross project cost of the projects assisted by such contracts. To obtain funds for advance and loan disbursements under this title, the Administrator may issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury in an amount which shall not, unless authorized by the President, exceed \$1,000,000,000, it being the intention of this section that, to the fullest extent determined to be feasible by the Administrator, local public agencies shall obtain loan funds from sources other than the Federal Government, including such funds obtained in accordance with subsection (c). For the purpose of establishing unpaid obligations as of a given date against the authorization contained in the preceding sentence, the Administrator shall estimate the maximum amount to be required to be borrowed from the Treasury and outstanding at any one time with respect to loan commitments in effect on such date."

SEC. 304. (a) Section 103(a) of such Act is amended by striking out the second sentence and inserting in lieu thereof the following: "The aggregate of capital grants with respect to all the projects of a local public agency on which contracts for capital grants have been made under this title shall not exceed the total amount obtained by adding together the amounts for each such project determined by multiplying its net project cost by the applicable percentage. Such percentage, which shall apply to each project receiving initial Federal recognition during the period specified, shall be 66 2/3 per centum for the period prior to July 1, 1960; 60 per centum for the period between July 1, 1959, and June 30, 1960, inclusive; 55 per centum for the period between July 1, 1960, and June 30, 1961, inclusive; and 50 per centum for any time thereafter: *Provided*, That the percentage for any project for which no planning advance or grant is received and retained by the local public agency and which the Administrator, at the request of such agency, may approve on a three-fourths capital grant basis shall be 75 per centum, or such lesser percentage as the Administrator determines to be generally consistent with the percentage of net project costs hereunder applicable at the time to projects not so approved."

(b) Section 104 of such Act is amended to read as follows:

"Sec. 104. Every contract for capital grants under this title shall require local grants-in-aid in connection with the project involved which, together with the local grants-in-aid to be provided in connection with all other projects of the local public agency on which contracts for capital grants have theretofore been made, will be at least equal to the difference between the aggregate net project costs involved and the sum described in the second sentence of section 103(a)."

SEC. 305. (a) The first sentence of section 103(b) of such Act is amended by (1) inserting after "\$1,450,000,000" the following: "which limit shall be increased by \$250,000,000 on July 1 in each of the years 1958, 1959, and 1960 and by \$200,000,000 on July 1 in each of the years 1961, 1962, and 1963", and (2) inserting in the proviso after "such limit" the following: "and any such authorized increase therein."

(b) The last sentence of section 103(b) of such Act is amended by inserting the following before the period at the end thereof: "Provided, That any amounts so appropriated shall also be available for repaying to the Secretary of the Treasury, for application to notes of the Administrator, the principal amounts of any funds advanced to local public agencies under this title which the Administrator determines to be uncollectible because of the termination of activities for which such advances were made, together with the interest paid or accrued to the Secretary (as determined by him) attributable to notes given by the Administrator in connection with such advances, but all such repayments shall constitute a charge against the authorization to make contracts for grants contained in this section: *Provided further*, That no such determination of the Administrator shall be construed to prejudice the rights of the United States with respect to any such advance."

SEC. 306. (a) Such Act is amended by—

(1) striking out in the first sentence of section 102(d) the following: "The Administrator may make advances of funds to local public agencies for surveys of urban areas to determine whether the undertaking of urban renewal projects therein may be feasible and" and inserting in lieu thereof "Prior to July 1, 1960, the Administrator may contract to make advances of funds to local public agencies";

(2) inserting after "the Administrator" in the first sentence of the second paragraph of section 102(d) the following: "prior to July 1, 1960,";

(3) adding the following new subsection to section 103:

"(c) The Administrator may make grants to local public agencies for the preparation or completion of community renewal programs, which may include, without being limited to, (i) the identification of slum areas or blighted, deteriorated, or deteriorating areas in the community, (ii) the measurement of the nature and degree of blight and blighting factors within such areas, (iii) determination of the financial, relocation, and other resources needed and available to renew such areas, (iv) the identification of potential project areas and, where feasible, types of urban renewal action contemplated within such areas, and (v) scheduling or programming of urban renewal activities. Such programs shall conform, in the determination of the governing body of the locality, to the general plan of the locality as a whole. The Administrator may establish reasonable requirements respecting the scope and content of such programs. No contract for a grant pursuant to this subsection shall be made unless the governing body of the locality involved has by resolution or ordinance approved the preparation or completion of the community renewal program, and the submission by the local public agency of

an application for such a grant. Notwithstanding section 110(h) or the use in any other provision of this title of the term 'local public agency' or 'local public agencies' the Administrator may make grants pursuant to this subsection for the preparation or completion of a community renewal program to a single local public body authorized to perform the planning work necessary to such preparation or completion. No grant made under this subsection shall exceed a fixed percentage of the cost (as such cost is determined or estimated by the Administrator) of the preparation or completion of the community renewal program for which such grant is made. Such fixed percentage shall be the same as the percentage which would apply under section 103(a) to any capital grants for the projects involved."

(b) Section 110(d) of such act is further amended by adding at the end thereof the following new paragraph:

"Notwithstanding any other provision of this subsection, in any community for which there exists a community renewal program meeting the requirements of the Administrator established pursuant to section 103(c) hereof, no subsequent donation or provision of a public improvement or public facility of a type falling within the purview of this subsection shall be deemed to be ineligible as a local grant-in-aid for any project in conformity with such community renewal program solely on the basis that the construction of such improvement or facility was commenced without notification to the Administrator and prior to Federal recognition of such project, if such construction was commenced not more than 5 years prior to the authorization by the Administrator of a contract for loan or capital grant for the project."

(c) Such act is further amended—

(1) by striking out the word "capital" in section 100, in the heading preceding section 103, the first time it appears in the first sentence of section 103(a), each place it appears in section 103(b), and in sections 106(a)(3), 106(b), 106(c)(6), and 106(c)(8);

(2) by striking out the words "for urban renewal projects" in section 100;

(3) by inserting in section 101(a) after the word "title" in the first place where it appears therein "or for grants pursuant to subsection (c) of section 103 hereof"; and

(4) by striking out of the third paragraph of section 110(c) the word "capital" each place it appears.

SEC. 307. (a) Section 103 of such Act is amended by adding the following new subsection:

"(d) After June 30, 1960, the Administrator may make planning grants to local public agencies for surveys and plans for urban renewal projects as defined in this title, including, but not limited to, (i) plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements, (ii) plans for the enforcement of State and local laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements, and (iii) appraisals, title searches, and other preliminary work necessary to prepare for the acquisition of land, all in connection with the undertaking of projects. No contract for planning grant shall be made unless the governing body of the locality involved has by resolution or ordinance approved the undertaking of the surveys and plans and the submission by the local public agency of an application for such a planning grant. Notwithstanding section 110(h) or the use in any other provision of this title of the term 'local public agency' or 'local public agencies,' the Administrator may make planning grants for surveys and plans for an

urban renewal project to a single local public body which has the authority to undertake and carry out a substantial portion, as determined by the Administrator, of the surveys and plans or of the contemplated project: *Provided*, That the application for such planning grant shows, to the satisfaction of the Administrator, that the filing thereof has been approved by the public body or bodies authorized to undertake those portions of the surveys and plans or of the project which the applicant is not authorized to undertake. No planning grant made under this subsection shall exceed a fixed percentage of the cost (as such cost is determined or estimated by the Administrator) of the surveys and plans for which such grant is made. Such fixed percentage shall be the same as the percentage which would apply under section 103(a) to any capital grants for the projects involved."

(b) Such act is amended effective July 1, 1960, to—

(1) striking out from section 101(a) "advances" and inserting in lieu thereof "planning grants";

(2) striking out subsection (d) of section 102 and redesignating subsections (e), (f), and (g) as subsections (d), (e), and (f), respectively;

(3) striking out in the last paragraph of section 110(c) "advances" and "outstanding advances", and inserting in lieu thereof "planning grants"; and

(4) inserting in clause (1) of section 110(e) after the word "undertakings", the following: "(except surveys and plans financed under section 103(d))."

(c) Notwithstanding any other provision of this section or section 306, the Administrator is authorized to amend, at any time after July 1, 1960, any contract for advance entered into under section 102(d) of the Housing Act of 1949, for the purpose of providing additional advances thereunder or for any other purpose necessary to the completion of the survey and planning work covered by such contract.

Sec. 308. Section 105(b) of such act is amended by adding the following before the semicolon at the end thereof: "And provided further, That, with respect to any improvements of a type which it is otherwise authorized to undertake, any Federal agency (as defined in section 3(b) of the Federal Property and Administrative Services Act of 1949, as amended, and also including the District of Columbia or any agency thereof) is hereby authorized to become obligated in accordance with this subsection (b), except that clause (1) of this subsection shall apply to such Federal agency only to the extent that it is authorized (and funds have been made available) to make the improvements involved."

Sec. 309. Section 106(e) of such act is amended by striking out all before the proviso and inserting in lieu thereof the following: "Not more than 12½ percent of the grant funds provided for in this title shall be expended for capital grants in any one Senate."

Sec. 310. Section 110(b) of such act is amended by inserting in clause (2) after "to indicate" the following: " , to the extent required by the Administrator for the making of loans and grants under this title."

Sec. 311. Section 110(c) of such act is amended by inserting before the last paragraph thereof the following paragraph:

"Notwithstanding the first sentence of the preceding paragraph, the Administrator (1) may extend financial assistance, other than capital grants, under this title to local public agencies for projects in urban renewal areas (other than open land areas) which are not clearly predominantly residential in character and which will not be predominantly residential under the urban renewal plan therefor, and (2) may make, and agree

to make, loans to refund temporary loans for such projects, as provided in this paragraph. Any such refunding loan shall be made when the project involved has been completed, shall provide for repayment within 10 years, and shall be in an amount not exceeding the net project cost of such project. The aggregate amount of all such refunding loans outstanding at any one time shall not exceed \$150 million. Except as otherwise provided in this paragraph, all loans hereunder shall be subject to the provisions of this title applicable to temporary and definitive loans. Section 102(c) is hereby made applicable to all loans authorized by this paragraph, and the Administrator shall require local public agencies to obtain loan funds from sources other than the Federal Government unless the Administrator determines in the particular case involved that such action is not feasible."

Sec. 312. Section 110(e) of such act is amended by striking out the first sentence and inserting in lieu thereof the following:

"Gross project cost" shall comprise (1) the amount of the expenditures by the local public agency with respect to any and all undertakings necessary to carry out the projects (including the payment of carrying charges, but not beyond the point where the project is completed), and (2) the amount of such local grants-in-aid as are furnished in forms other than cash. There may be included as part of the gross project cost, under any contract for loan or grant heretofore or hereafter executed under this title, with respect to moneys of the local public agency, which are actually expended and outstanding for undertakings (other than in the form of local grants-in-aid) necessary to carry out the project, in the absence of carrying charges on such moneys, an amount in lieu of carrying charges which might otherwise have been payable thereon for the period such moneys are expended and outstanding but not beyond the point where the project is completed, computed for each 6-month period or portion thereof, at an interest rate to be determined by the Administrator after taking into consideration for each preceding 6-month period the average interest rate borne by any obligation of local public agencies for short-term funds obtained from sources other than the Federal Government in the manner provided in section 102(c); *Provided*, That such amount may be computed on the net total of all such moneys of the local public agency remaining expended and outstanding, less other moneys received from the project undertaken in excess of project expenditures, in all projects of the local public agency under this title, and allocated, as the Administrator may determine, to each of such projects. With respect to a project for which a contract for capital grant has been executed on a three-fourths basis pursuant to the proviso in the third sentence of section 103(a), gross project cost shall include, in lieu of the amount specified in clause (1) above, the amount of the expenditures by the local public agency with respect to the following undertakings and activities necessary to carry out such project:

"(1) acquisition of land (but only to the extent of the consideration paid to the owner and not title, appraisal, negotiating, legal, or any other expenditures of the local public agency incidental to acquiring land) disposition of land, demolition and removal of buildings and improvements, and site preparation and improvements, all as provided in paragraphs (1), (2), (3), (4), and (6) of section 110(c); and

"(2) the payment of carrying charges related to the undertakings in clause (1) (including amounts in lieu of carrying charges as determined above), exclusive of taxes and payments in lieu of taxes but not beyond the point where such a project is completed; but not the cost of any other undertakings and activities (including, but with-

out being limited to the cost of surveys and plans, legal services of any kind, and all administrative and overhead expenses of the local public agency) with respect to such project."

Sec. 313. Section 110(g) of such act is amended by—

(1) striking out of the first sentence "is approved" and inserting in lieu thereof "for any project under this title is authorized";

(2) inserting in the second sentence after "Any" the word "such"; and

(3) striking out of the second sentence "contract is revised or superseded by such later contract" and inserting in lieu thereof "later contract is authorized".

Sec. 314. Section 110 of such act is amended by adding the following at the end thereof:

"(k) 'Federal recognition' means execution of any contract for financial assistance under this title or concurrence by the Administrator in the commencement, without such assistance, of surveys and plans."

Sec. 315. Section 701 of the Housing Act of 1954 is amended by striking out in the last sentence "\$10,000,000" and inserting in lieu thereof "\$20,000,000".

Sec. 316. The next to last sentence of paragraph 7 of section 5136 of the Revised Statutes, as amended, is amended by striking out "prior to the maturity of such obligations (which obligations shall have a maturity of not more than eighteen months), moneys in an amount which (together with any other moneys irrevocably committed to the payment of interest on such obligations) will suffice to pay the principal of such obligations with interest to maturity thereon, which moneys under the terms of said agreement are required to be used for the purpose of paying the principal of and the interest on such obligations at their maturity" the first place it appears and inserting in lieu thereof the following: "prior to the maturity of the principal of and the interest on such obligations, moneys in an amount which (together with any other moneys irrevocably committed to the payment of interest on such obligations) will suffice to pay when due all installments of the principal of and the interest on such obligations, which moneys under the terms of said agreement are required to be used for the purpose of paying when due all installments of the principal of and the interest on such obligations".

TITLE IV—MISCELLANEOUS

Sec. 401. Section 702 of the Housing Act of 1954 is amended by adding the following new subsection:

"(f) The Administrator is authorized to use during any fiscal year not to exceed \$50,000 of the moneys in the revolving fund (established under subsection (e)) to conduct surveys of the status and current volume of State and local public works planning and surveys of estimated requirements for State and local public works: *Provided*, That the Administrator, in conducting any such survey, may utilize or act through any Federal department or agency with its consent."

Sec. 402. (a) Section 12(c) of the United States Housing Act of 1937 is amended by striking out the word "only" in the first sentence, and by striking out the last sentence.

(b) Section 13(e) of such act is hereby amended by striking out "(except low-rent housing projects, the disposition of which is governed elsewhere in this act)" in the first sentence.

Sec. 403. Section 606 of the act entitled "An act to expedite the provision of housing in connection with national defense, and for other purposes," approved October 14, 1940, as amended, is amended—

(1) by inserting the following sentence after the first sentence of subsection (b): "If any such project is consolidated under a

single annual contributions contract with any low-cost project being assisted with annual contributions under the said act, the payment of any annual contribution on account of any project so assisted shall not be deemed to be a capital grant or annual contribution with respect to any project conveyed hereunder.";

(2) by inserting the following proviso before the semicolon at the end of subparagraph (c) (3): "Provided, That the provisions of this subparagraph shall not be applicable to any project which is consolidated under a single contract with one or more low-rent projects being assisted under the United States Housing Act of 1937, and all income from any such project conveyed under this section may be commingled with funds of the project or projects with which it is consolidated and applied in accordance with the requirements of the consolidated contract and the provisions of section 10(c) of the said act".

SEC. 404. The use of projects PA-36011 and PA-36012 (which were conveyed to the Housing Authority of Philadelphia, Pa., under section 406(c) of the Housing Act of 1956) for the housing of military personnel and civilians employed in defense activities without regard to their income, and the giving of a preference in respect of 700 dwelling units in such projects for such military personnel as the Secretary of Defense or his designee prescribes, for a period of 6 years after the date of the conveyance of such projects, is authorized; and such use and the giving of such preferences shall not deprive such projects of their status as "low-rent housing" as that term is used and defined in the United States Housing Act of 1937 and within the meaning of that term as used in section 606(b) of the act entitled "An act to expedite the provision of housing in connection with national defense, and for other purposes", approved October 14, 1940, as amended. The Housing and Home Finance Administrator is authorized and directed to agree to any amendments to the instruments of conveyance which may be required to give effect to the purposes of this section.

SEC. 405. Section 610(a) of the Housing Act of 1954 is amended by striking out "July 31, 1959" and inserting in lieu thereof "July 31, 1961".

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

The yeas and nays were ordered.

Mr. DIRKSEN. Mr. President, will the Senator from Indiana yield, without losing his right to the floor?

Mr. CAPEHART. I yield.

Mr. DIRKSEN. Mr. President, I am about to suggest the absence of a quorum; but before doing so, I wish to have an understanding with the acting majority leader. I think we should have a quorum present, because the vote which will be taken on the Capehart amendment in the nature of a substitute will be one of the important votes, since it is on a substitute for the entire committee bill. It represents the viewpoint of the administration. I believe, therefore, that all Senators should be notified, so that they may be on the floor.

Mr. CAPEHART. Mr. President, this is the bill I previously introduced. It was before the committee for several weeks and was considered by the committee. I shall not take more than 5 minutes to discuss it, perhaps even less. I do not know how much time other Senators may want, including Senators on the other side of the aisle; but, so far as I am con-

cerned, there is a possibility that we might vote on the amendment in the nature of a substitute within 20 minutes.

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

Mr. CAPEHART. I yield.

Mr. CLARK. I had intended to make a reasonably full speech after the Senator from Indiana had concluded his remarks; but in view of what he has just said, I should be happy, indeed, to defer my speech until tomorrow, in order that all of the amendments which the Senator from Indiana intends to offer might be acted on this afternoon. I think that would make for more orderly progress.

Mr. CAPEHART. After the vote on the pending amendment in the nature of a substitute, I shall offer an amendment to substitute the emergency measure, and I shall not speak more than 3 or 4 minutes on that amendment. Then we can have a vote.

After that, I have 10 amendments to offer, if my amendments in the nature of substitutes lose. But I am sure they will not; I am very optimistic today. Then perhaps we can make some progress today in voting.

Mr. CLARK. As the Senator from Indiana knows, I have 5 amendments of my own. I shall be very happy to give way to the Senator so that his amendments may be acted upon before I call up my own, which could very appropriately be done tomorrow.

Mr. CAPEHART. I appreciate that.

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

The PRESIDING OFFICER. The clerk will call the roll.

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

Alken	Fulbright	McNamara
Allott	Goldwater	Monroney
Anderson	Gore	Morse
Bartlett	Green	Morton
Bennett	Gruening	Moss
Bible	Hart	Mundt
Bridges	Hartke	Murray
Bush	Hayden	Muskie
Butler	Hennings	O'Mahoney
Byrd, Va.	Hickenlooper	Pastore
Byrd, W. Va.	Hill	Prouty
Cannon	Holland	Proxmire
Capehart	Hruska	Randolph
Carlson	Humphrey	Robertson
Carroll	Jackson	Russell
Case, N.J.	Javits	Saltonstall
Case, S. Dak.	Johnson, Tex.	Schoeppel
Chavez	Johnston, S.C.	Scott
Church	Jordan	Smith
Clark	Keating	Sparkman
Cooper	Kefauver	Stennis
Cotton	Kennedy	Symington
Curtis	Kerr	Talmadge
Dirksen	Kuchel	Thurmond
Dodd	Langer	Wiley
Douglas	Lausche	Williams, N.J.
Dworshak	Long	Williams, Del.
Eastland	Mansfield	Yarborough
Ellender	Martin	Young, N. Dak.
Engle	McCarthy	Young, Ohio
Ervin	McClellan	
Frear	McGee	

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the amendment offered by the Senator from Indiana as a substitute for the committee amendment.

Mr. CAPEHART. Mr. President—

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

Mr. CAPEHART. Yes.

Mr. ELLENDER. A while ago, during debate, I asked the question as to what were the total guarantees and loans of the Government outstanding during 1958-60. I was informed, from information furnished to me by the Senator from Virginia, that it amounted to \$102 billion. But, instead of that figure, it is really \$104,863 million.

Mr. CAPEHART. The amount covers what, please?

Mr. ELLENDER. Outstanding loans, guarantees, and insurance for major Federal credit programs classified by the agency as programs.

Mr. CAPEHART. That is, other than FHA?

Mr. ELLENDER. No. Ninety percent of this huge total is accounted for by the Federal Housing Administration and the Veterans' Administration. It will be noted that the figures are estimates made for 1960.

Mr. President, at this point in my remarks I ask unanimous consent that the part of the budget beginning on page 959, "Loans Outstanding and Guarantees in Force," together with that portion on page 960 dealing with the same subject, and including the table, be incorporated in the RECORD at this point in my remarks.

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

LOANS OUTSTANDING AND GUARANTEES IN FORCE

The best index of the level of Federal credit programs over a period of years is provided by the total of the outstanding loans, guaranties, and insurance in force.

Outstanding loans by the end of 1960 are estimated at \$22.6 billion, about \$4.1 billion more than at the end of 1958. About 40 percent of the increase over the 2 years is in foreign loans by the Export-Import Bank, the International Cooperation Administration, and the Development Loan Fund. Increased housing loans, especially mortgage purchases by the Federal National Mortgage Association, account for most of the remainder. Slightly less than one-half of the loans outstanding are to foreign borrowers, including the loan of \$3.4 billion to the United Kingdom, loans of \$3.6 billion by the Export-Import Bank, and \$3.3 billion by the International Cooperation Administration.

Guaranties and insurance in force are estimated to increase to \$82.3 billion by the end of 1960. The increase of about \$24 billion since the end of 1958 reflects primarily increased guaranties and insurance of mortgage loans by the Federal Housing Administration and the Veterans' Administration. These two programs account for more than 90 percent of all outstanding guaranties and insurance, and most of the remainder are obligations guaranteed by the Public Housing Administration.

The amounts shown include both the guaranteed and unguaranteed portion of outstanding loans in order to give a clearer picture of the economic impact of these programs and to tie in better with banking statistics. They do not, however, indicate the estimated contingent liability of the Federal Government, which is shown in table 6. The major program for which the contingent liability differs materially from the principal amount of the loans is the veterans loan guaranty program. By the end of 1960, the Government liability will be about \$18.5 billion lower than the outstanding amount of such loans.

TABLE 4.—Outstanding loans, guarantees and insurance for major Federal credit programs classified by agency or program

Agency or program	[In millions]					
	1958 actual		1959 estimate		1960 estimate	
	Direct loans and investments	Guarantees and insurance	Direct loans and investments	Guarantees and insurance	Direct loans and investments	Guarantees and insurance
Housing and Home Finance Agency:						
Federal National Mortgage Association.....	\$2,503		\$3,246		\$3,303	
Urban Renewal Administration.....	69	\$131	70	\$221	71	\$325
Community Facilities Administration.....	386		643		850	10
Federal Housing Administration.....	295	23,408	309	32,625	329	37,673
Public Housing Administration.....	91	3,110	102	3,384	102	3,699
Veterans' Administration.....	852	30,727	1,072	32,500	1,244	38,670
Department of Agriculture:						
Rural Electrification Administration.....	2,774		2,989		3,210	
Farmers' Home Administration.....	858	172	939	201	904	232
Commodity Credit Corporation.....	1,172	428	1,973	363	1,159	192
Department of Commerce: Maritime Administration.....		79		255		450
Civil Aeronautics Board.....		1		20		37
Interstate Commerce Commission.....				120		262
Expansion of defense production.....	244	351	231	323	204	287
Small Business Administration.....	232	48	396	73	564	96
Department of Health, Education, and Welfare:			14		54	
Treasury Department: Loan to United Kingdom.....	3,470		3,419		3,367	
Export-Import Bank.....	2,987	56	3,401	30	3,637	265
Department of State: International Cooperation Administration.....	2,519		2,864		3,260	
Development Loan Fund.....	2		125	25	322	75
Total by type of assistance.....	18,454	58,515	21,793	70,140	22,589	82,274
Grand total.....	76,969		91,933		104,863	

The probability that the Government will be called upon to take over any substantial part of the guaranteed or insured portion of outstanding loans is small, except possibly in a national financial emergency. Sizable assets are available to minimize any potential losses. Moreover, in the case of most mortgage insurance programs charging premiums, income in the past has been sufficient not only to cover expenses and current losses, but also to build up substantial reserves.

Mr. CAPEHART. Mr. President, I do not think I shall need more than 5 minutes, and perhaps less. There may be others who wish to discuss the substitute which is at the desk, which is the pending business, introduced by me as a complete, 100-percent substitute for S. 57.

The issue so far as I am concerned is clear cut and crystal clear. I have been a member of the Senate Committee on Banking and Currency for 15 years. I have been a supporter of housing bills each of those 15 years. I am in sympathy with the general housing legislation. I have voted for such legislation. Some parts of the program I have voted against.

The issue is clear today. The substitute which I have offered is the proposal of the President of the United States, of the administration, and of those in administrative positions to try to do only one thing. One desire is to maintain in the fiscal year 1960 a balanced budget, with the hope that we may even have a surplus. There is no intention on the part of myself or on the part of anyone else to hinder in any way whatsoever the different housing programs. There is absolutely no intention to do that at all.

It is my best judgment, it is the best judgment of the President, and it is the best judgment of those who are in charge of the Federal Housing Agency and of the VA housing, that the Congress of the United States could accept

this substitute without interfering with the proper operation of the housing programs for the next fiscal year. There is sufficient latitude or sufficient authority to carry on for another 12 months under the substitute bill without hindering the program one iota.

I was a Member of the Senate, of course, last year, when the Congress passed no housing legislation except some additional authorizations. I think that year was the third best housing year in the history of the Nation. The starts in the month of December were on the basis of 1.4 million, probably one of the biggest years in history so far as starts were concerned.

There is a difference between the two bills moneywise or authorizationwise, or with respect to impact upon the Treasury for 1960.

I should like to say that we must keep in mind that housing legislation comes in three categories so far as money is concerned. First, there are provisions which call for grants. In those cases the Federal Treasury spends the money, and we never get it back and never intend to get it back. We call those grants. The second category is what we call loans. In those cases the Federal Government loans the money directly from the Treasury, and the people to whom the money is loaned pay it back.

The third category is by far the largest. I would say it represents 90 percent of the operations of FHA. It is the category in which the Federal Government does nothing more nor less than insure the mortgages. In that case if the man who takes the mortgage pays it in full, there is no cost to the Federal Government at all.

The Federal Government, through the Federal Housing Administration, charges one-half of 1 percent as a fee for insuring such mortgages, and that fund at the moment amounts to between \$700 million and \$800 million. There is a reserve

of between \$700 million and \$800 million against future losses. We must keep in mind, of course, that losses might be more than \$700 million or \$800 million, and if they were, there would be a cost to the Treasury of whatever the additional losses happened to be.

Those are three categories. When we make grants, we spend money we never expect to get back. When we make loans, we expect to get the money back, and the record of repayment has been good, I must say in all fairness. The third category is the insurance of mortgages.

The substitute bill which is before the Senate for consideration would have an impact upon the Treasury for the fiscal year 1960 of only about \$5 million. In other words, the substitute bill would add to the debt about \$5 million in fiscal year 1960. That is the year about which we are concerned. We are, of course, concerned about future years, but if we balance the budget year by year we do not need to worry too much about future years.

The Senate committee bill, for which my bill is a substitute, as written would have an impact upon the Treasury of approximately \$240 million. That figure is based upon the following information:

The impact from urban renewal advances would be \$7 million.

The impact from urban renewal temporary loans would be nothing.

The impact from public housing planning and construction would be \$21 million. That is true because the bill provides for 35,000 additional public housing units, plus the picking up of some we lost in the past, and the cost to the Treasury would be \$21 million.

There would be no impact upon the budget in fiscal year 1960 for the college housing direct loans.

The impact for the college classroom direct loans is estimated at \$5 million. Under the administration bill, there would be no impact.

The VA direct loans in the Senate committee bill are \$300 million. The FHA, which made up the figures I am quoting, estimates that if the Congress approves the \$300 million there will be a call upon that \$300 million for only about \$200 million.

Therefore, we have a total of \$240 million under Senate bill 57. Under my substitute the figure would be about \$5 million.

Mr. President, I neglected to state that the substitute is offered on behalf of the Senator from Utah [Mr. BENNETT], the Senator from Connecticut [Mr. BUSH], and myself. Under our substitute the figure would be \$5 million.

Do we or do we not wish to balance the budget in the fiscal year 1960? Would it or would it not hinder the housing program to eliminate certain items? For example, we could eliminate 35,000 public housing units, and we would still have enough money to operate for the next 12 months. Moreover, there are 115,000 public housing units, either under construction or contract, that the people have not moved into yet. They are in process. We have enough money to operate for 12 months.

With respect to the VA program, Senate bill 57 provides \$300 million. My substitute provides nothing. I believe we have already agreed in the Senate Committee on Banking and Currency—and the House has already voted it—to increase the interest rate to 5¼ percent. Everyone with whom I have talked is certain that with that interest rate, private industry will absorb every mortgage that is available. That is a debatable question. Nevertheless, that is the best judgment of most people.

So we come down to the question, Do we or do we not wish to say to ourselves, in connection with each bill which comes before us, "Can we make some reductions here, there, or somewhere else without hindering the program, and without working any hardship upon anyone in the United States?" Should we not ask ourselves that question with respect to each of the bills to come before us, and see if we cannot eliminate enough expenditures from them to make certain that we shall have a balanced budget?

That is the problem. We do not wish to hinder any program. We do not wish to discriminate against anyone. We do not wish to take advantage of anyone.

We would like to do all the things which are proposed, and more besides. However, it would not make any difference whether Senate bill 57 provided twice as much money for urban renewal; we would not be able to spend it. And if it provided 10 times as much, and if we could spend it, we still would not be able to solve all the blight problems in the United States.

We are all interested in eliminating slums. Over the years, under the program we are following, we will eliminate slums. Through the program which is under way, we will build a great deal of public housing. As I say, there are 115,000 units that people have not yet moved into. As we travel down the road, all of us desiring to do the right thing by the people of the United States by clearing away slums, buying houses for those who cannot afford them, accommodating veterans, farmers, and others, is it not better for the people themselves that we have a balanced budget? Is it not better to create a surplus, so that someday we can grant tax relief to all the people? Aside from the poor people who go into the housing, all these programs are for the benefit of people who pay taxes, and who ought to be as much interested as we are in balancing the budget and in a strong economy.

We have great demands from every direction for Federal expenditure of the taxpayers' money. There is no question that one can make a good point of the argument that we should increase our defense program, that we should have more missiles, more rockets, and so forth. I do not have the facts before me, but there is a demand from every direction for the expenditure of Federal funds. I do not know what the new farm bills are to cover, but why can we not, in connection with the very first bill to come before the Senate, say to ourselves—all 98 of us—"Let us use our

very best judgment in seeing if we cannot eliminate a great many expenditures without crippling or hindering any essential program, but giving us a balanced budget?"

That is my only reason for offering this substitute. That is the only reason for making the appeal which I am making. If we had a great deal of money, if our budget was in balance, and we had a great surplus and a very small national debt, so that we could grant our people a tax reduction, there would be no necessity for the remarks I have just made.

But that is not the situation. The situation is just the opposite. When are we going to take action? When is the time to adopt the formula I have just explained, and apply it to all the proposed legislation which comes before us? If the time is not now, when will it be? If under existing conditions, when our national income is the largest in the history of the Nation, when more people are employed than ever before, at the highest wages, when our gross national product is the largest it has ever been, if we cannot then live within a balanced budget, when can we hope to do so?

The Congress of the United States is 100 percent responsible for balanced budgets, appropriations, and authorizations.

One may say, "The President does not fight hard enough for balanced budgets," or "The President recommends this, or does this, or says that, but the administration is wasteful. It ought not to be asking for these appropriations."

Or one may say, "The administration does not push hard enough for these programs." Nevertheless, in the final analysis, we and we alone are responsible. The President cannot come here and vote. The administration cannot initiate legislation calling for appropriations or authorizing the expenditure of money. The administration can spend money only after we have appropriated it or directed that the money be borrowed from the Treasury.

That is the position in which we find ourselves. I wish I could support a more liberal program than the one I have proposed; but my conscience will not permit me to do so, in view of the fact that my conscience tells me that the amount of money in my substitute would not in any way interfere with any of our programs this year, and that we should have a balanced budget. At least we should work to that end.

Mr. BUSH. Mr. President, will the Senator yield in order that I may propound a parliamentary inquiry provided he does not lose the floor?

Mr. CAPEHART. I am glad to yield under those conditions.

Mr. BUSH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BUSH. If the pending amendment offered by the Senator from Indiana is adopted, will it then be subject to further amendment by the Senate?

The PRESIDING OFFICER. The Parliamentarian advises the Chair that if the substitute offered by the Senator from Indiana is adopted, the bill will not

thereafter be open to further amendment.

Mr. BUSH. In view of that situation, I should like to ask the Senator from Indiana if he would modify his amendment in two respects.

In the first place, with respect to the new obligational authority for the fiscal years 1963, 1964, and 1965, I should like to have him substitute, for each of those 3 years, \$250 million for the figure of \$200 million in the administration bill, so as to make the \$250 million uniform for the 6 years.

Mr. CAPEHART. What years did the Senator refer to?

Mr. BUSH. The years 1963, 1964, and 1965.

Mr. CAPEHART. I am willing to accept that modification.

The PRESIDING OFFICER. The Chair is advised that, the yeas and nays having been ordered, the modification may not be made except by unanimous consent.

Mr. CAPEHART. Mr. President, I ask unanimous consent to accept the suggested modification. It has to do with the years 1963, 1964, and 1965. We can take a look at the situation later. The proposed modification has nothing to do with balancing the budget in 1960 and 1961—particularly 1960, which is the critical year.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Indiana?

Mr. SPARKMAN. Mr. President, reserving the right to object, I should like to ask the Senator from Connecticut if under his proposed modification there would be a change in the matching formula, so that the States or local governments would have to match on a 50-50 basis.

Mr. CAPEHART. I did not understand the modification to do anything except change the amount.

Mr. SPARKMAN. In other words, it would require the local governments to match dollar for dollar?

Mr. CAPEHART. Yes. I understood the modification not to bring about a change in anything except in the amount for the 3 years.

Mr. BUSH. The stepdown in the Federal share would take place under the amendment of the senior Senator from Indiana [Mr. CAPEHART], but the purpose of my amendment is not to step down the Federal contribution in dollars. It does leave in the amendment the stepdown in the Federal share and the stepdown in the State share.

Mr. SPARKMAN. Percentage-wise.

Mr. BUSH. Yes.

Mr. CAPEHART. The Senator would like to do both. He would like to increase the amount in the substitute and—

Mr. BUSH. And leave the rest of it as it is in the administration's bill.

Mr. CAPEHART. Leave the percentage formula as it is.

Mr. BUSH. Leave the rest of it as it is in the bill that the Senator has offered as a substitute.

Mr. CAPEHART. The modification would be in effect for 1963, 1964, and 1965.

Mr. BUSH. Yes. I should now like to call the Senator's attention to this other suggested modification.

Mr. SPARKMAN. I do not believe the Senator's previous modification has been acted on. I merely wish to say that we ought to be certain in understanding this proposal of the Senator from Connecticut. It should be clearly understood that it would require a change in the formula whereby, instead of the Federal Government contributing two-thirds, as has been the case since the program was started, the Federal Government would now contribute 50 percent and the local government would have its contribution increased.

Mr. BUSH. But that 50 percent would only be after a step down, first, of 60 percent, the next year of 55 percent, and then a step down to 50 percent. It goes down by degrees over a period of 3 years, and State governments would be encouraged to help pay the local costs.

Mr. CAPEHART. I have no objection. The PRESIDING OFFICER. The Senator modifies his amendment accordingly.

Mr. BUSH. I call the Senator's attention to another proposed modification. At an appropriate place in his substitute, I ask that there be included the following language:

Section 106 of the Housing Act of 1949 is further amended by adding at the end thereof the following new subsection:

"(h) Without limiting any authority otherwise provided in this title, any local grants-in-aid may be furnished by the State government as distinguished from other local public agencies, as herein defined. In making capital grants available for projects, priority shall be given projects in States where the State government has furnished or contracted to furnish local grants-in-aid to the project in an amount which equals or exceeds one-half the total required amount."

That is language proposed by the committee.

Mr. CAPEHART. I ask that I may modify my substitute accordingly.

The PRESIDING OFFICER. The Senator modifies his amendment accordingly.

Mr. CAPEHART. I hope we will be able to get a vote on the amendment tonight, or tomorrow. I know of no one on the Committee on Banking and Currency, on either side—and this is particularly true of the Senator from Alabama [Mr. SPARKMAN]—who is not conscientious and sincere in trying to have enacted a workable housing bill. I wish to congratulate all members of the committee for the hard work they have put into the bill. It is a complicated subject. It is not readily or easily understood. We are dealing with a problem which has been with us for many years. I suspect it will be with us for many years to come. We ought to pass a bill which, without hindering the program, will at least stay within the President's budget.

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

Mr. CAPEHART. I yield.

Mr. KEATING. Would it be the Senator's intention, if the amendment in the nature of a substitute should be defeated,

to offer the amendments which he submitted previously?

Mr. CAPEHART. It is my intention—of course I cannot conceive of the substitute being defeated—

Mr. KEATING. I do not mean that it should happen.

Mr. CAPEHART. I understand. I say that because I know that Senators are practical men. They understand the importance of balancing the budget and maintaining a strong economy, if it can be done without interfering with the housing program. However, if my substitute should fail, I shall offer an amendment to cover the emergency which exists with reference to FHA, so far as the balance of this year is concerned. If that fails—and again I cannot conceive of it failing—I shall offer, together with other Senators, the Senator from Utah [Mr. BENNETT], the Senator from Connecticut [Mr. BUSH], and others, the 10 amendments which are lying on each Senator's desk. Those 10 amendments, in substance, do about what the substitute bill would do. There are some exceptions, but generally speaking they do about what the substitute bill would do, except that they would do it piecemeal. We would have to cut the dog's tail off a little bit at a time with the 10 amendments.

Mr. ROBERTSON. Mr. President, the junior Senator from Virginia regrets very much that the principal sponsor of the administration bill has decided to change his approach to this problem. Speaking against the Sparkman bill last Monday, the junior Senator from Virginia said that he hoped the problem could be approached free from any political partisanship and decided strictly on its merits, and that economy would not be applied as a party test.

When the committee took for consideration the five bills on this subject, it was the Senator from Indiana [Mr. CAPEHART], who moved that the Sparkman bill be the pending business, subject to all amendments, and that was the procedure adopted. We amended the Sparkman bill with reference to the temporary bill, with reference to S. 612, with reference to the Clark bill and with reference to some other proposals.

Then the committee reported the Sparkman bill. The junior Senator from Virginia was the only member of the committee who did not vote to report the Sparkman bill. It was not because he is opposed to urban renewal, and not because he is opposed to increasing the authorization for FHA, but solely, as he stated on Monday, because he did not want in the first action of the Senate to breach the President's so-called balanced budget. First there is doubt as to whether it will be balanced, this bill or no bill.

Assuming that the President was correct in believing that he would get a 5-cent postage rate, an additional 1½-cent increase in the gasoline tax, and have perhaps a \$70 million surplus, we could not have had such a surplus. According to the first figures on the Sparkman bill, the amount exceeded the budget by \$346 million.

Yesterday I was sent a report from the administrator that the Sparkman bill

had been amended, and that the cash impact upon fiscal 1959 would be only \$230 million. When I offered to place those figures in the Record, the senior Senator from Indiana said the figures were not correct. So they were not offered. Since then, we have had delivered to us a study which states that they are correct. I have not had time to analyze the study.

My objection to the change in procedure is that yesterday it was proposed to give us the privilege of voting for specific amendments, and to bring the proposal within the money-type program, without attaching all the other details which are contained in S. 612. When the committee was considering this matter we were amending the Sparkman bill. I never agreed to report S. 612. No other member of our committee agreed to report S. 612.

What is the situation now? If on the basis of party loyalty the Republicans should vote for S. 612 without knowing what is contained in the bill they will have to accept it as it is because no one knows what is in it. I myself do not know. It has been changed. If they vote for S. 612 sight unseen, they will be voting to uphold a veto. That will give us a party test. I am not here to have a party test. But if there is to be a party test, I will vote on the Democratic side. I want to have separate votes on the merits of financing a desirable program. But I do not want to increase our ability to pay or to borrow money and go into a hole, and perhaps have inflation to finance even a good thing, although it is not an essential thing.

I would be willing to go into a "hole" for military defense, if our lives depended upon it, because a price tag cannot be put upon national security. But a price tag can be put on urban renewal; a price tag can be put on slum clearance; a price tag can be put on public housing. A price tag can also be put on surveys to provide nice facilities for communities. But a price tag cannot be put on national defense.

As I have pointed out, the committee approached the matter of amending the Sparkman bill and got that bill in good shape. It was not in the shape in which I thought it should be. It still exceeded what we had voted to provide. I am the only member of the committee who felt that way. We were given to understand that all of us who wanted to vote for economy could vote on specific questions of economy without all the details which have been proposed as additions to the bill.

There was the subject of the removal of all ceilings on FHA housing. There was the question whether there should be an increase to 4.8 percent or 5.5 percent in FHA loans, or no authorization at all. There was the question of giving reasonable preference to those who wanted to go into low-rent housing. There was the question of fixing the purchase price and charges under the FNMA special assistance program.

No one knows what is contained in the substitute amendment at the desk. If the sponsors sat up all night, unless they had some experts to work with them,

they would not know by tomorrow what was in it.

But if we say that there is an urban renewal program which will cost \$200 million a year, and that there is another one which will cost \$300 million a year, then we will know what we are doing.

If it is said that here is a program to provide for 10,000, 15,000, or 20,000 new public housing units, or a program for 45,000 public housing units, which will cost, in 40 years, more than \$800 million, we will know what we are doing.

I do not want to labor the question, but tomorrow I shall be better prepared to point out what is in the proposal. Certainly I shall have a better opportunity than any Senator who is not a member of our committee to know what is in the proposal.

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

Mr. ROBERTSON. I yield.

Mr. CAPEHART. The Senator from Virginia said the bill had not been considered. It was introduced 4 weeks ago. It was considered, along with all the other bills, by the full committee. In fact, the table or chart from which the committee worked had an explanation of every feature of each bill. So the bill had due consideration in the committee.

Mr. ROBERTSON. The Senator from Indiana was not too accurate in quoting me. I did not say the bill was not considered. I said that on motion of the Senator from Indiana, the Sparkman bill was made the pending business of our committee. The other bills were offered as amendments when we reached them. There was never any independent consideration of S. 612 as a separate bill. The same is true of the Clark bill. The same is true of other amendments which were offered to the other provisions of the committee bill.

We thought we would have a center line. First I made a motion to exclude matters which were not germane to housing, but that motion was rejected. The motion made by the Senator from Indiana to make the Sparkman bill the pending business, and then to amend the Sparkman bill, was adopted. Now the Senator from Indiana is leaving that position to get a test vote on S. 612, to see who will support a veto.

No one will know what is in that bill. If Senators vote for it without knowing what is in it, then they will support a veto. If they do not, it will be a matter of guesswork.

Mr. CAPEHART. I do not like to have it said of me that I was not a gentleman in the committee. There was considerable argument as to what we should do and how we should proceed. Finally, I made the suggestion that, in order to get moving, we place S. 57 before us and use it as the committee bill for purposes of amendment. The committee is composed of 10 Senators from the other side of the aisle and only 5 from this side of the aisle. So the Senators on the minority side did not have the necessary votes to do other than what the committee desired.

The able Senator from Virginia was kind enough to give me his proxy all day

on Monday. I voted his proxy all day Monday for economy proposals and many other changes for which he wished me to use it. I even cast his proxy vote against the bill, and made the statement that I expected to vote to permit the bill to be reported to the Senate, in order that the Senate might have it for consideration.

But I reserved the right to vote against all of it; I reserved the right to offer amendments; I reserved the right to offer substitutes, purely as a matter of accommodation to and cooperation with all Senators, in order that the Senate might proceed in an orderly way.

I have a perfect right to offer the amendment in the nature of a substitute. The able Senator from Virginia has a perfect right to vote against it. The Senator from Virginia, on Monday, when the committee was marking up the bill, made a speech in the Senate advocating, I thought, almost the same amount that is provided in the substitute amendment. Now he seems to have changed his mind. Perhaps he has not changed his mind about the money items in the bill; perhaps his objection has to do with something else in the bill.

Mr. ROBERTSON. Mr. President, I do not yield for any further speeches by the Senator from Indiana. He has again become somewhat confused about the fact that I was present during all of the session on Friday. I was present at the session on Monday until the committee had virtually completed its work on the bill. Then, because I had another committee assignment that afternoon, I left my proxy with the Senator from Indiana.

The Senate has before it a bill containing 157 pages. Every member of the committee knows that we carefully considered that bill, line by line. We argued, pro and con, all the sections in S. 57. We handled it that way. We began to handle it that way on the floor. Then, all of a sudden, when we expected amendments to bring the authorization items within the proper scope of an economy measure, we find that another bill, equally as long, is submitted for our consideration; but no one knows what is in it.

Mr. President, which is the efficient way to approach the subject? I am not going to swallow something I do not know about. If the Republican members wish to do so, let them do it; that is their privilege and their responsibility. But I insist that the only appropriate way for us to reflect our honest convictions regarding economy in respect to the housing program is to take up the Sparkman bill's provisions one by one—and that bill contains a number of provisions which I prefer to the corresponding provisions of the companion bill—and then vote those authorization provisions either up or down. Then we shall know where we stand.

On tomorrow, I probably shall have more to say. But at this time I shall conclude by pointing out that a 110-page bill has now been submitted; but at this time, only 10 minutes after it was submitted, it has already been changed by an amendment or modification. I submit that that is not the proper way to

legislate on a subject such as the one we are considering.

Mr. BUSH. Mr. President—
The PRESIDING OFFICER (Mr. HART in the chair). The Senator from Connecticut is recognized.

Mr. BUSH. First, I wish to state my great distaste for a bill of this type, in connection with housing. The bill deals with various aspects of housing, including urban renewal, college housing, college classrooms, veterans' loans, FHA insurance, residential construction, and so forth. The bill includes provisions regarding five or six separate subjects, which should be dealt with separately, so that each can be judged on its merits. I think the incorporation of all these items into one large omnibus bill is a great mistake. I protested against it last summer, when the previous housing bill was before the Senate. I protested against it in the Banking and Currency Committee only a week ago. And I protest against it now. I protest against it because I do not think it is a proper way to legislate—namely, to throw all these important items into one omnibus bill.

Furthermore, there is the danger that if one of these items is dealt with in a lopsided manner or in a way particularly unacceptable to the administration, inasmuch as the President does not have the power of item veto, the result may be to imperil the enactment of the sections of the bill which are perfectly proper. That could well be the result of lumping together the proper provisions, which the President might consider as such, and those to which he will be opposed. That is another basis of my objection.

I also object to the steps taken in the committee in trying to whip out this piece of proposed legislation. Never before, since I have been a Member of the Senate—and this is my seventh year in this body—have I sat in a committee meeting in which members have been under such pressure to rush through a piece of proposed legislation which is not emergency legislation in any sense of the word. If there were a hurry to get such a bill enacted into law, Senate bill 65, introduced by the distinguished senior Senator from Indiana, could easily have been brought up and passed by now. I do not believe it would have been controversial.

But, no; we had to go through this very large omnibus bill. The hearings were restricted; and in the committee Senators were kept with their noses to the grindstone for hour after hour, until finally we got out a bill.

Then it was hoped that it would actually be brought before the Senate and would be acted upon by the Senate even before the report on the bill was available to the Senate. Republican Senators were meeting on yesterday to consider this proposed legislation, and at that time we did not have either a copy of the bill or a report on it; but we were told that this measure would be the pending measure that day.

I protest that there is no necessity to put Senators under pressure of that type. The Senate is supposed to be a deliberative body. Mr. President, the Senate should be a deliberative body. But it

cannot be a deliberative body if Senators are asked to rush through proposed legislation without having a chance to have their staffs analyze the bill and without having a chance to analyze it themselves. That is my protest.

Mr. President, I am interested in a bill for which I can vote. I think many aspects of this bill are important to the Nation. There is something valid in each of the titles of the bill, in my opinion. But I wish to have the Senate deal with a bill for which I can vote, and I wish to have the Senate consider a bill the President can sign.

This afternoon we have heard considerable debate about the budget. We have heard statements regarding the necessity of paying heed to the fiscal condition of the Nation at this very crucial time in our history.

I see no necessity, Mr. President, for us to go beyond the recommendations of an administration which has been friendly to the whole business of government in housing, and has been especially friendly to the urban renewal program, which constitutes the largest item in this bill, and to proceed to pad the bill to such an extent, which I believe exceeds the necessities of the occasion and exceeds the proprieties of the occasion, insofar as our fiscal position is concerned.

Mr. President, much has been made of the fact that the impact on the budget the very next year may not be very great. I believe that can be fairly argued, although if the Sparkman bill is passed, the budget will be violated by in excess of \$200 million. Nevertheless, Mr. President, we are in the process of acting on a bill of an authorization nature, regarding expenditures which are likely to be made 6 years from now. But how do we know what expenditures will be needed at that time? I am not at all impressed by the suggestion that we go beyond the recommendations of the administration bill, to the point or the extent the Sparkman bill does—in other words, to make an increase of approximately \$100 million each year for the 6 years, and also to make it possible for the total amount to be compressed into 4 years, so that under the Sparkman bill we conceivably could obligate in the next 4 years, up to \$500 million each year, not \$350 million. That is one of the features of the Sparkman bill which I do not believe is understood by Senators. So I hope that Senators who now are absent will have an opportunity to read these observations in the RECORD, and to realize that that is one of the features of the bill which I believe will be found most objectionable to the administration.

Finally, Mr. President, regarding the matter of the budget, I wish to state again that this is not a propaganda budget, as the majority leader has called it. Instead, it is a realistic budget. It is a realistic budget based upon the knowledge by this administration of our position in world affairs today—and that is a very dangerous position. It is a budget which is based on the desire of the administration to keep the value of our currency high, to keep it sound.

It is a sound-dollar budget; and if ever a sound-dollar budget was needed in the history of the Nation, it is needed now. If ever we have been subjected in a so-called peacetime year to pressures which militate against the possibilities of a sound dollar, certainly those pressures have been brought to bear now; and unquestionably we shall continue to be subjected to them for the next 2 or 3 years.

So, Mr. President, I believe that those who take that budgetary position regarding the bill are correct; and for that reason, the Senate should stand with the administration.

Mr. President, I desire to call attention to the minority views of the distinguished senior Senator from Utah [Mr. BENNETT], which appear with the report on the bill, beginning on page 85. How the Senator from Utah had a chance to prepare those minority views, I do not know. I have not had a chance to prepare any minority views; and I was amazed to learn that he had found time to prepare so very excellent a presentation of minority views in regard to the Sparkman bill. I call attention particularly to page 88, where we find that the Senator from Utah comments on other objectionable provisions of the bill. He speaks of FNMA special assistance, and says—

The bill—

That is to say, the Sparkman bill—reinstates for 2 years the par purchase requirement for FNMA special assistance. This is a mistake. The program is presently operating satisfactorily and the par purchase requirement would unnecessarily substitute Government financing for private financing.

I certainly endorse what the Senator from Utah has said about that, Mr. President.

I call the attention of Senators to page 155 of the hearings, where we have a report of the Federal National Mortgage Association—mortgage portfolio, commitments outstanding, net income last 6 calendar years. This information was given to the committee at the hearings, and I ask unanimous consent to have the table printed in the RECORD at this point in my remarks.

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

Federal National Mortgage Association—Mortgage portfolio, commitments outstanding, net income last 6 calendar years

SECONDARY MARKET OPERATIONS¹
[Dollars figures in millions]

Year	Year-end mortgage portfolio at cost	Year-end commitments outstanding	Year-end portfolio and outstanding commitments	Net income during year
1953				
1954				
1955	\$83.0	\$26.5	\$109.5	\$0.3
1956	628.2	283.4	911.6	2.8
1957	1,562.2	180.1	1,742.3	6.4
1958	1,322.6	79.9	1,402.5	11.0

¹ Of the \$20,500,000 net income during the period, \$6,600,000 was paid in dividends (\$5,200,000 to U.S. Treasury and \$1,400,000 to holders of common stock) and the balance of \$13,900,000 represents the Dec. 31, 1958, undistributed earned surplus.

Federal National Mortgage Association—Mortgage portfolio, commitments outstanding, net income last 6 calendar years—Continued

TOTAL FEDERAL GOVERNMENT PROGRAM²

Year	Year-end mortgage portfolio at cost	Year-end commitments outstanding	Year-end portfolio and outstanding commitments	Net income during year
1953	\$2,461.6	\$637.9	\$3,099.5	\$30.5
1954	2,461.7	475.7	2,937.4	30.8
1955	2,555.4	49.9	2,605.3	34.5
1956	2,423.2	76.9	2,500.1	36.0
1957	2,361.4	597.1	2,958.5	35.0
1958	2,556.2	1,497.7	4,053.9	26.4
A. Management and liquidating functions:³				
1953	2,461.6	637.9	3,099.5	30.5
1954	2,461.7	475.7	2,937.4	30.8
1955	2,555.4	42.8	2,598.2	34.4
1956	2,417.7	8.1	2,425.8	35.3
1957	2,289.9		2,289.9	31.0
1958	2,138.7		2,138.7	13.6
B. Special assistance functions:⁴				
1953				
1954				
1955			7.1	.1
1956	5.5	63.8	74.3	.7
1957	71.5	597.1	668.6	4.0
1958	417.5	1,497.7	1,915.2	12.8

² Of the \$193,200,000 net income during the period, \$114,600,000 was incorporated into a reserve for losses and contingencies. All the benefits and burdens incident to the administration of the management and liquidating and special assistance functions inure solely to the Secretary of the Treasury.

³ Of the \$175,600,000 net income during the period, \$107,400,000 was incorporated into a reserve for losses and contingencies.

⁴ Of the \$17,600,000 net income during the period, \$7,200,000 was incorporated into a reserve for losses and contingencies.

Mr. BUSH. Mr. President, the figures show that in the secondary market operations portfolios we had, at the end of the year 1958, \$1,400 million worth of mortgages and outstanding commitments; and in the total Federal Government programs other than the secondary market operations, a total of \$4,053 million; or a total of \$5,400 million, approximately.

It is said from time to time that the National Federal Mortgage Association operation is a profitable operation for the Federal Government. I have noted that in the last year, 1958, the net income from the secondary market operations is estimated at \$11 million, and from other Government programs operation the net income is estimated at \$26 million, or a total of some \$37 million.

Unless my arithmetic is worse than it usually is, and that is possible—it is not very good at best—I believe those figures amount to about a return of two-thirds of 1 percent in connection with the portfolio totals I have mentioned of \$5,400 million. I do not consider that a return of two-thirds of 1 percent is a very good investment for anybody.

Another point to remember is that the \$5,400 million mortgages in portfolios were put there with the taxpayers' money, or else the money was borrowed at the taxpayers' credit to put the money into portfolios. So this money represents a subsidy quite similar to the farm subsidy, as a result of which we now have some \$8 billion worth of surplus products in storage. Instead of farm products, in this case we have mortgages.

These mortgages are probably good, for the most part, but I quite agree with the Senator from Utah [Mr. BENNETT] when he states that we should not increase the mortgage portfolios or take any action in this proposed legislation which would require the administration to increase the portfolios. On the contrary, in the stringent financial conditions under which we are living, we should be taking steps to reduce this particular portfolio of mortgages.

Mr. President, I beg support for the substitute bill which has been proposed by the Senator from Indiana. It is a good program. It provides for a very generous urban renewal program, which is a very vital necessity.

I may say that in our State of Connecticut we have gone ahead with the urban renewal program, and that is true of other States of the Union. We recognize the very great importance of the program to our State. We also recognize that we have a stake in the solvency of the United States and in the integrity of the Federal budget.

I beg support of the administration bill because I think it gives generous recognition to the urban renewal program, which really was given life and impulse by this administration following the Housing Act of 1954. It is one of the items in the history of this administration which I think anybody can be proud of.

I think that concludes my observations for the present.

Mr. SPARKMAN. Mr. President, earlier today I had an exchange with the Senator from Florida [Mr. HOLLAND] and also the Senator from Ohio [Mr. LAUSCHE], with reference to the non-budgeted items in the housing program. We are prepared now to give that figure. I have discussed the matter privately with the Senator from Florida. He asked me to put it into the RECORD. I told him I would make a statement.

Insofar as the pending bill is concerned, there is not one dollar authorized in it that is not budgeted. It is all covered in the budget. There is no break of the appropriations setup at all. The only operation in the whole housing field outside of the budget is the secondary market operations of the Federal National Mortgage Association.

By the way, just to refresh our recollections, the secondary market operations of the Federal National Mortgage Association are of a private corporation nature. In other words, persons who sell mortgages or do business with the Federal National Mortgage Association are required to buy stock—in the past it has been 3 percent; at the present time I believe it is 2 percent—of FNMA, with the idea that eventually the agency will be privately owned.

The Federal National Mortgage Association in its secondary market operations has made a profit continuously since its revised setup in the act of 1954. I have not checked this, but I believe I am correct when I state it has paid a dividend each quarter beginning in 1956. So it is a private market operation, and it is the only operation in the whole housing field, or that has anything

to do with the housing field, outside of the budget.

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

Mr. SPARKMAN. I yield.

Mr. CAPEHART. What the Senator is saying is that everything is within the budget. However, there are some items which have to do with unbalancing the budget.

Mr. SPARKMAN. Yes.

Mr. CAPEHART. I want to make that clear in the RECORD.

Mr. SPARKMAN. I am not discussing that.

Mr. CAPEHART. I agree with the Senator.

Mr. SPARKMAN. The Senator from Florida [Mr. HOLLAND] and the Senator from Ohio [Mr. LAUSCHE] wanted a statement with reference to the nonbudget operation. The answer is that there is nothing in the bill affecting the budget. There is nothing in the bill and there is nothing in the substitute offered by the Senator from Indiana affecting the secondary operations of the Federal National Mortgage Association.

Mr. CAPEHART. The Senators brought the subject up, and the explanation is needed for the RECORD.

Mr. SPARKMAN. I wish to make one correction. I said there was nothing having to do with the secondary operations, and I will modify that to the extent of saying that we raised the ceiling or the maximum mortgage which could be purchased from \$15,000 to \$20,000. However, there is nothing affecting capitalization or the money operation.

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

Mr. SPARKMAN. I yield.

Mr. HOLLAND. I appreciate the Senator's advising the Senate as he has. I, too, have checked on the matter since our colloquy earlier in the afternoon. I find that the item which the Senator mentions and which is not in the budget represents expenditures by FNMA in fiscal year 1959 of \$359 million, so they say, and estimated expenditures in fiscal year 1960 of \$485 million. In neither case would that be included within the terms of the announced budget.

Mr. SPARKMAN. That is correct.

Mr. CAPEHART. There is nothing in the pending bill to increase it.

Mr. SPARKMAN. It does not affect the budget, and it is a private operation.

Mr. HOLLAND. As I understand the situation, the Senator from Alabama advised us there was nothing in the bill which would increase the amount.

Mr. SPARKMAN. That is correct.

Mr. HOLLAND. Unless it might be increased by the greater trading.

Mr. SPARKMAN. That is the action of FNMA. Nothing in the bill requires greater trading.

Mr. HOLLAND. But the bill does increase the number of mortgages with which they are permitted to deal?

Mr. SPARKMAN. The bill would increase the maximum which may be paid for any single mortgage. Formerly, it was \$15,000, and at the request of FNMA it has been raised to \$20,000.

Mr. HOLLAND. Any increase in the estimated \$485 million, which they re-

port for this item, would have to come from the source which the Senator just indicated, would it not?

Mr. SPARKMAN. That is correct.

Mr. HOLLAND. I thank the Senator.

Mr. CAPEHART obtained the floor.

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

Mr. CAPEHART. I yield.

Mr. MANSFIELD. Have the yeas and nays been ordered on the substitute?

Mr. CAPEHART. The yeas and nays have been ordered.

Mr. President, before I renew my suggestion of the absence of a quorum, I wish to state that with the exception of the minority leader [Mr. DIRKSEN], who I think will take only a short time, we on this side are ready to vote. I am hopeful we can possibly get a vote today.

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

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

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

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DIRKSEN. Mr. President, first of all, it is my understanding that the yeas and nays have been ordered on the pending substitute.

The PRESIDING OFFICER. The Senator is correct.

Mr. DIRKSEN. It is also my understanding that the pending amendment is a substitute for the so-called Sparkman bill.

The PRESIDING OFFICER. The question is on agreeing to the substitute offered by the Senator from Indiana [Mr. CAPEHART], for himself and other Senators, for the committee amendment.

Mr. DIRKSEN. I shall be very brief, and thereafter I believe we can proceed to a vote.

I believe that the issue is pretty clear, but I thought one or two things should be made abundantly clear. I listened with interest to the junior Senator from Virginia [Mr. ROBERTSON] who said that it was his understanding that we would perfect the Sparkman bill, and that no substitute would be offered. I know of no such understanding. I know of no one who could contrive such an understanding. I know of no one in this Chamber who would be authorized to enter into that kind of understanding, because any Member could rise in his place and, as a substitute, offer the administration bill. That is precisely what is before us at the present time.

I thought an effort was made to make it appear that this amendment was in the nature of a political tactic. I can certainly assure my distinguished friend from Virginia that nothing could be further from the thoughts of the minority leader; and I have heard no such sentiment expressed by the minority members of the Committee on Banking and Currency—neither by the distinguished Senator from Connecticut [Mr. BUSH], the distinguished Senator from Indiana [Mr. CAPEHART], or the distinguished

Senator from Utah [Mr. BENNETT], or any other member.

This substitute was agreed upon among ourselves in order that we might have a vote upon an integrated housing bill which represents the administration's viewpoint. There is nothing political or partisan in that approach, and I think it is a very proper approach and a very proper thing for the minority to do, namely, to assert, for its own administration, the viewpoint which it takes upon the entire housing problem, which is now pending before us.

The point was made also that there was a very lengthy substitute bill before us, with which no one was familiar. In the first place, there are no 150 pages in the Sparkman bill. There are no 150 pages in the Capehart-Bennett-Bush bill, the administration bill. I believe that if anyone will take the trouble to examine it, he will find that it contains only 42 pages, which is a long way from 150 pages. It seems to me that if a person does his homework well, he will have no difficulty in getting through a 48-page bill. I have done so, and I am not a member of the committee. In addition, I have had occasion to examine a good many tables and prepared statistics showing the differences between the two proposals.

So when it is indicated that we have no familiarity with what is in the substitute, I am afraid that is considerably wide of the mark. We have had two conferences in which most of the time was devoted to the question of housing. There came before us those who were familiar with the operational end of the business. So we have some familiarity with what is in the substitute.

With respect to the administration bill, let me say that years ago we established a Housing and Home Finance Agency. As of the present time, there are in that Agency, roughly, 10,980 employees. That is almost equivalent to a division in the U.S. Army. There are 10,980 employees scattered at the department level in Washington, and scattered through 100 field offices from one end of the country to the other, and perhaps beyond. That constitutes a rather formidable force for gathering background knowledge and developing experience on every facet and every aspect of the housing field.

Those who man the directors' offices in the various States, whether they be in the voluntary mortgage organization, whether they be in the Federal housing activity or the Public Housing Authority, whether they deal with community facilities or other subjects, attend conferences—they are familiar with the mortgage market. They are familiar with credit facilities. They keep in contact with the builders. They know what the home building requirements and demands may be in a given area.

So we have a far-flung organization, with a strength of nearly 11,000, whose combined knowledge, experience, background, and skill are available when the time comes to develop a package bill to deal with various aspects of the entire housing picture.

That is precisely what has happened. One may call this proposal the Presi-

dent's bill if he likes; he may call it the bill of the Housing Administration; he may call it the bill of the Budget Bureau; he may call it the Capehart bill, the Bennett bill, or the Bush bill. But the fact is that it reflects a refined and distilled experience of literally thousands of people who are familiar with every aspect of the housing program.

But the substitute does something more. It is thoroughly objective. It represents a national viewpoint. The President of the United States can do nothing but send to the Congress legislation which approaches a problem from the national viewpoint, and not from the standpoint of a particular provincial or sectional interest.

I examined the list of witnesses who appeared before the committee. A college president appeared. What would be his primary interests? It would be in college housing. Certainly there is nothing sinful or wrong about that. He comes to express his interest. But that represents only a segment of the larger interest.

A spokesman for the homebuilders came before the committee. What interest did he assert? He asserted a definite and limited interest with respect to the homebuilders.

Mayors of metropolitan centers came and sat through the hearings. They included the distinguished mayor of Philadelphia. What was their primary interest? Their primary interest was the so-called urban renewal. Even the mayor of Chicago was present for that purpose.

I find no fault in that testimony. Some people say that it represents a very limited interest, as distinguished from that of the administration, which tries to see the whole picture in the large, to coordinate it, and then, within the limits and the framework of our resources and the available funds, to set up a coordinated, well integrated housing bill which covers every facet of the problem, and has a proper regard for the budget as a whole, in order that the budget in the fiscal year 1960 may be balanced. There is also involved a psychological factor.

I believe I should address these remarks particularly to my colleagues on my own side of the aisle. I refer to a psychological factor. When a hole is punched in the dike the first time major legislation is before us, how many other holes will be punched? When the bellwether comes out of the barn, the sheep all follow. Anyone who ever lived in the country knows that. So if we punch a hole in the budget line, or if we let the waters erode the top of the dike, headlines will appear to the effect that, "The President's Budget Has Been Punctured."

Another feature is involved, too. I am in favor of holding the line the best I know how, because I believe the question of the budget is of vital importance to our country and of vital importance to the dollar values and vital to the people who live on circumscribed and limited and fixed and inflexible incomes, who are the millions who get

hurt unless we exercise a cautious responsibility and make sure that we leave nothing undone to prevent the erosion of the dollar.

I was interested in examining the speech of the Chairman of the Federal Reserve Board after his return from Europe. He expressed alarm that confidence is a dubious thing in other countries right now, because they have said that when they find a \$13 billion deficit in the greatest country on the face of the earth and it maintains that kind of deficit in an expanding economy, it can mean only one thing, and that is that there is no will and no determination to protect our fiscal integrity.

That is a rather unhappy situation, as we think of the necessity for confidence in the American dollar on the part of the people abroad, and confidence in the same dollar on the part of the people at home.

The substitute, therefore, offers an entire housing package. It covers the whole field. It is within our national resources, based upon estimated receipts. It is well coordinated. It gives balanced consideration to every item of value. It gives balanced consideration to the direct loan feature, urban renewal, mortgage money, and interest rates. Those things are not merely put together hit and miss. With a great organization of nearly 11,000 people, the best thinking has gone into it. We can be proud of the package that has been offered by the administration.

Mr. COTTON. Mr. President, may we have order, so that we can hear the Senator from Illinois?

The PRESIDING OFFICER. The Senate will be in order.

Mr. DIRKSEN. There is no particular point in my laboring the matter any longer. The members of the Committee on Banking and Currency have done an excellent job in this field. The individual amendments will be ready to be directed to particular items in the bill.

However, I could not let pass without rebuttal the observation that was made, first, that there was an understanding that the substitute was not to be offered, because we know of no such understanding; secondly, that someone seeks to read partisan or political significance into the offering of the substitute. Nothing could be more remote from the fact.

Mr. President, I commend the substitute to all Members of the Senate, first, because it is balanced, sound, reasonable, and within the frame of our resources; and also because it is within the budget estimates. Those are indeed important to the well-being of this country, both now and in the future.

With those brief remarks, I am ready to proceed to vote on the substitute. Perhaps we could have a quorum call, if my distinguished friend from Montana would agree that I should suggest the absence of a quorum.

Mr. MANSFIELD. Certainly.

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

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the order for the quorum call be dispensed with.

Mr. HOLLAND. Mr. President, I should like to address a brief question to the Senator from Illinois, the minority leader, if I may.

Mr. DIRKSEN. Certainly.

Mr. HOLLAND. Or to the Senator from Indiana.

Mr. CAPEHART. Yes.

Mr. HOLLAND. Am I correctly advised that—

Mr. KUCHEL. Mr. President, may we have order? We cannot hear what is going on.

Mr. HOLLAND. Am I correctly advised that the substitute bill upon which we are about to vote contains a provision reducing the required Federal contribution for urban renewal payments from the present level of two-thirds?

The PRESIDING OFFICER. The Parliamentarian informs the Chair that the Senate is now in a situation where no debate is in order.

Mr. HOLLAND. I am merely asking a question of the Senator from Indiana.

The PRESIDING OFFICER. The Senate is now proceeding with a call of the roll.

Mr. DIRKSEN. I had asked that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection?

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

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CAPEHART. The answer to the question of the Senator from Florida is that it does reduce the contribution to 50 percent at the end of 3 years.

Mr. HOLLAND. It is now two-thirds.

Mr. CAPEHART. Yes. In the first year it would be 60 percent; then 55 percent, and then 50 percent.

Mr. HOLLAND. I thank the Senator from Indiana.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Indiana [Mr. CAPEHART] in the nature of a substitute, as modified. The yeas and nays having been ordered, the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD: I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Washington [Mr. MAGNUSON], the Senator from Montana [Mr. MURRAY], the Senator from Rhode Island [Mr. PASTORE], and the Senator from Florida [Mr. SMATHERS] are absent on official business.

I also announce that the Senator from Oregon [Mr. NEUBERGER] is absent because of illness.

I further announce that, if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Washington [Mr. MAGNUSON], the Senator from Montana [Mr. MURRAY], the Senator from Oregon [Mr. NEUBERGER], the Senator from Rhode Island [Mr. PASTORE], and the Senator from Florida [Mr. SMATHERS] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BEALL] is absent because of illness.

The Senator from Wisconsin [Mr. WILEY] is detained on official business.

The result was announced—yeas 32, nays 58, not voting 8, as follows:

YEAS—32

Allott	Curtis	McClellan
Bennett	Dirksen	Morton
Bridges	Dworshak	Mundt
Bush	Ervin	Prouty
Butler	Goldwater	Saltonstall
Byrd, Va.	Hickenlooper	Schoeppel
Capehart	Holland	Stennis
Carlson	Hruska	Thurmond
Case, S. Dak.	Kuchel	Williams, Del.
Cooper	Lausche	Young, N. Dak.
Cotton	Martin	

NAYS—58

Aiken	Hart	McNamara
Anderson	Hartke	Monroney
Bartlett	Hayden	Morse
Bible	Hennings	Moss
Byrd, W. Va.	Hill	Muskie
Cannon	Humphrey	O'Mahoney
Carroll	Jackson	Proxmire
Case, N. J.	Javits	Randolph
Church	Johnson, Tex.	Robertson
Clark	Johnson, S. C.	Russell
Dodd	Jordan	Scott
Douglas	Keating	Smith
Eastland	Kefauver	Sparkman
Ellender	Kennedy	Symington
Engle	Kerr	Talmadge
Frear	Langer	Williams, N. J.
Fulbright	Long	Yarborough
Gore	Mansfield	Young, Ohio
Green	McCarthy	
Gruening	McGee	

NOT VOTING—8

Beall	Murray	Smathers
Chavez	Neuberger	Wiley
Magnuson	Pastore	

So Mr. CAPEHART'S amendment in the nature of a substitute was rejected.

Mr. CAPEHART. Mr. President, I call up my amendment designated "2-3-59-1" and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. It is proposed to strike out section 405 relating to additional low-rent housing units.

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

The yeas and nays were ordered.

Mr. CAPEHART. The amendment would strike out all the so-called public housing units for fiscal year 1960. We would save the Treasury \$21 million in 1960. The reason for that is very, very simple. They say they have sufficient funds with which to operate for the next 12 months, to build all the housing units which might be processed. And, in addition, there are 115,000 public housing units which at the moment are being constructed or are under contract. Of course, people have not yet moved into them. Think of that, Mr. President; 115,000 not yet available, but contracted for or about finished.

So here is an opportunity for us to save \$21 million toward balancing the budget in 1960. This amendment, if adopted, will not interfere at all with the program. Senators can vote for this amendment with a clear conscience and with assurance that it will not hold back public housing, but that it will save \$21 million in 1960.

As I have stated, 115,000 units are in process at the moment.

Mr. CLARK. Mr. President, I think each Member of the Senate should know that if he votes for this amendment, he will vote to kill urban renewal

and urban redevelopment by slow strangulation.

The urban renewal law requires that before a slum can be cleared, provision must be made to relocate in safe and sanitary housing the families who have been living in the slum. The income level of a majority of the slum dwellers is so low that it is impossible for them to acquire safe and sanitary housing through private sources. Therefore, it is incumbent upon us to provide for the great need for such housing, not only by urban renewal, but through other governmental action.

Senators who vote in favor of the Capehart amendment will vote to render homeless the people who will have to move out of the slums and out of the highway rights-of-way in the next 3 or 4 years.

I sincerely hope the amendment will be rejected. Certainly it should be rejected.

Mr. JAVITS. Mr. President, will the Senator from Pennsylvania yield to me?

The PRESIDING OFFICER (Mr. FREAR in the chair). Does the Senator from Pennsylvania yield to the Senator from New York?

Mr. CLARK. I am happy to yield.

Mr. JAVITS. Mr. President, I think it should be pointed out that the bill deals with a subject which I believe to be extremely helpful from the point of view of the development of communities on urban-renewal sites. I shall not trouble the Senate at this time with the details; but the bill encourages, for the first time, the establishment of public-housing projects upon the urban-renewal sites themselves.

In view of the fact that most urban-renewal developments will include some commercial establishments and, in many cases, cooperative apartments or apartments otherwise held at higher prices than those charged for public housing, I think the new provision of the bill gives us some assurance of balanced communities; and also I believe it buttresses the point of public housing as part of the essential development of urban renewal and the utilization of important metropolitan facilities continuously, rather than to abandon them because people no longer live there.

So, in view of the very modest amount of public housing which now is provided for—and which those of us who, like myself, who have fought this battle for 16 years now, recognize to be very modest and very limited, because it is for the relocation of families for which such housing is most urgently needed—I hope this modicum will not be cast out of the bill. I believe it is essential to a modest housing program and housing act. So I hope very much that this provision will be retained in the bill.

Mr. BUSH. Mr. President—

Mr. CLARK. Mr. President, I am happy to yield to the Senator from Connecticut.

Mr. BUSH. Mr. President, I thank the Senator from Pennsylvania. I did not realize that he still had the floor.

I ask unanimous consent to have printed in the RECORD a statement from the Public Housing Administration concerning public low-rent housing units

both as of January 1, 1959, and as of June 30, 1960, as estimated. These are simply the figures the PHA has submitted.

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

LOW-RENT PUBLIC HOUSING UNITS

(A) As of January 1, 1959, we have units:	
(1) Under management.....	444, 173
(2) Under construction.....	30, 007
(3) Under contract, but not yet started.....	81, 769
(4) Authorized, but not yet under contract.....	30, 589
Total.....	586, 538
(B) As of June 30, 1960, we expect to have:	
(1) Completed.....	475, 000
(2) Under construction or under Federal-aid contract.....	110, 000
Approximate total.....	585, 000

Mr. CLARK. Mr. President, I believe it is important to note that the total inventory of public housing today is less than 1 percent of the total habitable housing units in the Nation. The testimony given before our committee indicates that in order to meet the need for public housing in the next 2 years, an additional 250,000 units will be required.

Mr. President, I yield the floor.

Mr. DIRKSEN. Mr. President, before the Senate votes on the pending proposal, I hope the record will be quite clear as to what the Senate will be doing and as to the authorization amounts involved.

As I understand—and if I am in error, I ask any member of the committee to correct me—there is involved in the pending Sparkman bill a carryover of authority on housing units, plus new authorization, which over a 2-year period will make available 25,500 units annually. That will be a total of 51,000 public housing units over the 2-year period.

If I am correctly informed, these units cost \$13,600 apiece, according to the Housing Authority. Without going into the details of the arithmetic, let me say that I have an idea that we are dealing with a commitment, over a 40-year period, of \$900 million. Either I am right or I am wrong. If I am wrong, let some Senator stand up and tell me I am wrong, and I will back off. If I am right, the record will bear me out.

Mr. President, I was at the other end of the Capitol when the program started, long ago. This was a part of the program for one-third of the ill-housed. The limits of income are now so high that pretty nearly everybody can get into one of the housing units.

It is all right to talk about urban renewal and slum clearance, but a peak number of houses are being built in all sections of the country, and are available to all the people. If the Senate wants to commit the Government for this amount of money, all right; but let us be sure we know we are making that commitment.

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

Mr. DIRKSEN. I yield to the Senator from Virginia.

Mr. ROBERTSON. The distinguished minority leader is right. The amount involved here is between 8 and 9 hundred million dollars. We know there is authority to build 100,000 units, which have been committed, except for about 10,000. But that will be under the provision Congress has already authorized. The provision in the pending bill will cost, as the Senator has said, something over \$900 million—nearly \$1 billion. For that reason the junior Senator from Virginia is going to vote to reduce the amount.

Mr. DIRKSEN. It is a commitment which will apply over 40 years and will add to the debt limit. I am not going down that road. I think public housing has gotten on the wrong track. It started out all right, but I think it has hit a couple of detours.

Before I vote to authorize any more units, I want to be pretty sure I am on solid ground. This program needs a great deal more looking at than it has received so far.

I commend the amendment offered by the distinguished Senator from Indiana [Mr. CAPEHART].

Mr. McCLELLAN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McCLELLAN. I believe the amendment proposes to strike out section 405 of the bill. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. McCLELLAN. I find in the copy of the bill I have, which has on it the identification "Report No. 41," there are two sections 405. I wonder which one the amendment refers to. There is one such section on page 23, and another one on page 131.

The PRESIDING OFFICER. The amendment offered by the Senator from Indiana relates to the additional low rent housing units.

Mr. CAPEHART. Public housing units.

Mr. McCLELLAN. It is the section referred to on page 123. Is that correct?

Mr. CAPEHART. That is correct.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana to strike out section 405, relating to additional public housing units. On this question, the yeas and nays have been ordered, and the clerk will call the roll. The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Arizona [Mr. HAYDEN], the Senator from Washington [Mr. MAGNUSON], the Senator from Montana [Mr. MURRAY], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Rhode Island [Mr. PASTORE], and the Senator from Florida [Mr. SMATHERS] are absent on official business.

I also announce that the Senator from Oregon [Mr. NEUBERGER] is absent because of illness.

I further announce that, if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Arizona [Mr. HAYDEN], the Senator from Washington [Mr. MAGNUSON], the Senator

from Montana [Mr. MURRAY], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Rhode Island [Mr. PASTORE] would each vote "nay."

On this vote, the Senator from Oregon [Mr. NEUBERGER] is paired with the Senator from North Dakota [Mr. YOUNG].

If present and voting, the Senator from Oregon would vote "nay" and the Senator from North Dakota would vote "yea."

Mr. KUCHEL. I announce that the Senator from Wisconsin [Mr. WILEY] and the Senator from North Dakota [Mr. YOUNG] are detained on official business.

I also announce that the Senator from Maryland [Mr. BEALL] is absent because of illness.

On this vote, the Senator from North Dakota [Mr. YOUNG] is paired with the Senator from Oregon [Mr. NEUBERGER].

If present and voting, the Senator from North Dakota would vote "yea" and the Senator from Oregon would vote "nay."

The result was announced—yeas 37, nays 50, not voting 11, as follows:

YEAS—37

Aiken	Dworshak	Moss
Bennett	Eastland	Mundt
Bridges	Ervin	Prouty
Bush	Goldwater	Robertson
Butler	Hickenlooper	Russell
Byrd, Va.	Holland	Saltonstall
Capehart	Hruska	Schoepfel
Carlson	Jordan	Stennis
Case, S. Dak.	Kuchel	Talmadge
Cooper	Lausche	Thurmond
Cotton	Martin	Williams, Del.
Curtis	McClellan	
Dirksen	Morton	

NAYS—50

Allott	Green	Mansfield
Anderson	Gruening	McCarthy
Bartlett	Hart	McGee
Bible	Hartke	McNamara
Byrd, W. Va.	Hennings	Monroney
Cannon	Hill	Morse
Carroll	Humphrey	Muskie
Case, N. J.	Jackson	Proxmire
Church	Javits	Randolph
Clark	Johnson, Tex.	Scott
Dodd	Johnston, S. C.	Smith
Douglas	Keating	Sparkman
Ellender	Kefauver	Symington
Engle	Kennedy	Williams, N. J.
Frear	Kerr	Yarborough
Fulbright	Langer	Young, Ohio
Gore	Long	

NOT VOTING—11

Beall	Murray	Smathers
Chavez	Neuberger	Wiley
Hayden	O'Mahoney	Young, N. Dak.
Magnuson	Pastore	

So Mr. CAPEHART's amendment to the committee amendment was rejected.

Mr. CAPEHART. Mr. President, I offer an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. It is proposed to strike out section 704(d), relating to VA direct loans.

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

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

The PRESIDING OFFICER. The yeas and nays have been requested. Is there a sufficient second?

The yeas and nays were ordered.

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

Mr. CAPEHART. I yield to the Senator from Texas.

Mr. JOHNSON of Texas. Now that the yeas and nays have been ordered on the Senator's amendment, will the Senator indicate how long he anticipates discussing his amendment?

Mr. CAPEHART. I will discuss the amendment only for 1 minute or so.

Mr. JOHNSON of Texas. Mr. President, we will have the yeas and nays on this amendment. I assume the Senator from Alabama [Mr. SPARKMAN] will not require much time. As soon as we conclude the next vote we will have no further votes this evening.

Mr. CAPEHART. Mr. President, I am personally willing to quit, or we can vote on this; whatever the management wishes. [Laughter.]

I do not know of a better way to describe it.

Mr. JOHNSON of Texas. Now that we are in agreement, will the Senator proceed to discuss the merits of his amendment?

Mr. CAPEHART. I think what I said was a perfect way to describe the able majority leader and the able minority leader. They are really the managers.

This amendment would eliminate \$300 million of direct loans to veterans, on the theory, based on the best information we can secure, that as a result of raising the interest rate to 5¼ percent on VA loans private industry will be happy and glad to buy every VA mortgage which will be made available. We can therefore save \$200 million, as estimated by the FHA, which otherwise will be a drain on the Treasury in 1960.

If Senators will vote for the amendment they can save \$200 million, according to the FHA, and stop a drain on the Treasury in 1960.

If the amendment is agreed to, the only difference between the so-called administration bill and the bill we are considering will be about \$35 million.

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

Mr. CAPEHART. In my opinion—and it is the opinion of those better qualified than I—we do not need to provide this money. We do not need to make direct loans to veterans, if we increase the interest rate, as the House of Representatives has done and as the bill would do.

Furthermore, if we eliminate this item, we will then have a difference of only \$35 million between the administration bill and the Sparkman bill. It seems to me if we are conscientious and sincere about wanting to balance the budget—and I know we are—this is the best way to do it.

At the moment the difference between the Senate bill which we are considering and the administration proposal is approximately \$240 million, of which \$200 million is represented by this one item. It seems to me to be good, common horse sense and good judgment—

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

Mr. CAPEHART. I yield.

Mr. LAUSCHE. What is the present rate of interest allowed to be charged in order to qualify for a guaranteed loan?

Mr. CAPEHART. The present rate of interest on direct loans is 4¼ percent. For many years it was 4¼ percent. We

increased it last year by one-half of 1 percent, and we got a couple of hundred thousand VA houses. Now it is proposed to increase it to 5¼. Private investors will pick those mortgages up, because a VA mortgage is more attractive than an FHA mortgage, because if an FHA mortgage goes into default, the FHA issues a debenture. If a veteran's loan is defaulted, the Veterans' Administration gives cash or a check. Therefore, when the interest rates are the same, investors will want VA mortgages rather than FHA mortgages.

This would be a good place to stop much of the argument. It seems to me that if this proposal were adopted the administration bill and Senate bill 57 would be only about \$35 million apart.

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

Mr. CAPEHART. I yield.

Mr. SALTONSTALL. What evidence did the committee have that veterans' houses would be built if the interest rate were changed?

Mr. CAPEHART. I do not believe there is any argument on the question whether or not they would be built. Those who argue for this proposal maintain that it is needed for the remote rural districts. My position, and the position of those who are better qualified than I am, is that if we increase the interest rate, investors everywhere will pick up veterans' mortgages. What could be better than a veteran's mortgage guaranteed 100 percent by the United States Government, and bearing 5¼ percent interest?

The House has already retained the \$300 million in a bill. So I suggest that we eliminate the \$300 million and go to conference, because in that event the question would be thrown into conference. The House will have something to say on that subject, but we would be much better off, as conferees, if we could go to the House with an amount which puts the question in conference. Really, the \$300 million is not needed. It would throw the budget out of balance by an estimated \$200 million. It would promote a great deal of propaganda, and would encourage people over the country to say that Congress voted the budget out of balance when there was no need for it.

If I thought for a moment that this proposal would deny a single veteran a mortgage, I would not be advocating it. But I honestly believe, in my own mind, that it would not deny a single veteran a single loan.

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

Mr. CAPEHART. I yield.

Mr. LAUSCHE. Am I correct in my understanding that under the existing law, even if the amendment offered by the Senator from Indiana were adopted, every veteran would be eligible for the benefits of guaranteed loans made by the Federal Government, on mortgages bearing interest at the rate of 5¼ percent?

Mr. CAPEHART. The Senator is correct.

Moreover, the law provides that a veteran cannot obtain a direct loan from the Government if he can obtain a loan

anywhere else. He cannot participate in any part of the \$300 million if he can obtain a loan anywhere else at a comparable rate. So if we have a 5¼-percent mortgage, we know that the veteran is going to be able to obtain the loan, because private investors will be interested.

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

Mr. CAPEHART. I yield.

Mr. BUSH. The Senator will agree, will he not, that the 5¼-percent rate is a ceiling? It might very well be that mortgages could be obtained at a lesser rate, under this legislation.

Mr. CAPEHART. The Senator is 100 percent correct.

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

Mr. CAPEHART. I yield.

Mr. MONRONEY. I was interested in what the distinguished ranking Republican member of the committee said about the 5¼ percent interest rate. I should like to announce, for the information of the Senate, that I have an amendment, sponsored by myself, the Senator from Minnesota [Mr. HUMPHREY], the senior Senator from Michigan [Mr. McNAMARA], the junior Senator from Michigan [Mr. HART], the Senator from Tennessee [Mr. GORE], the Senator from Texas [Mr. YARBOROUGH], the senior Senator from Oklahoma [Mr. KERR], the Senator from South Carolina [Mr. JOHNSTON], the junior Senator from Washington [Mr. JACKSON], the senior Senator from Washington [Mr. MAGNUSON], the Senator from Colorado [Mr. CARROLL], the Senator from New Mexico [Mr. ANDERSON], the Senator from Wyoming [Mr. MCGEE], the Senator from Louisiana [Mr. LONG], and the junior Senator from South Carolina [Mr. THURMOND], to freeze the interest rate at 4¾ percent. That was the amount approved by the Senate last year, when we were told that all that was needed to release a flood of GI private money was to increase the rate to 4¾ percent. We increased it. Now, after 10 months, we are faced with a proposal to increase it further by ½ of 1 percent. When we yield to the greed of the money lenders who go on a sit-down strike, we are in the position where we shall be invading outer space with our interest rates sooner than with our missiles.

Mr. President, I ask unanimous consent that the amendment be printed and lie on the table.

Mr. CAPEHART. The best answer to that argument—perhaps not conclusive—is that the House has already increased the interest rate to 5¼ percent. Members of the House must have some idea what they are doing. There are more of them—at least more of them to make mistakes, if they make a mistake. [Laughter.]

The thing in which we are all interested is seeing that the GI gets a home. If it is necessary to increase the interest rate in order to do it, let us do it. I am a veteran. I should like to have anyone give me one good reason why, after 11 or 12 years following the end of the Korean war, a veteran should have an

advantage in interest rates over a working man who is working for \$1.50 or \$2 an hour, particularly if, by doing what is proposed, we can help to keep the budget in balance. That is the important thing, in my judgment.

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

Mr. CAPEHART. I yield.

The PRESIDING OFFICER. Will the Senator from Indiana yield to the Chair?

Mr. CAPEHART. Certainly.

The PRESIDING OFFICER. The Chair asks the Senator from Indiana if he yielded to the Senator from Oklahoma [Mr. MONRONEY] for the purpose of making the unanimous-consent request which he propounded.

Mr. CAPEHART. I have no objection to allowing the Senator from Oklahoma to submit his amendment and have it printed and lie on the table.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the amendment will lie on the table and be printed.

Mr. CAPEHART. I now yield to the Senator from Arkansas [Mr. McCLELLAN].

Mr. McCLELLAN. If the committee proposal prevails, and the Senator's amendment is rejected, I should like to inquire what the interest rates would be on direct loans to veterans.

Mr. CAPEHART. Will the Senator restate the question?

Mr. McCLELLAN. Under the provisions of the committee proposal, what would be the interest rate on direct loans to veterans from the Government?

Mr. CAPEHART. Five and one-quarter percent.

Mr. McCLELLAN. Am I to understand that the Senator from Oklahoma proposes—

Mr. CAPEHART. But if it is rejected, the rate will remain at 4¾ percent.

Mr. McCLELLAN. If what is rejected?

Mr. CAPEHART. The amendment—

Mr. McCLELLAN. If the Senator's amendment is rejected?

Mr. CAPEHART. No. My amendment deals only with the \$300 million. The bill, Senate bill 57, which we are trying to amend, in another section increases the interest rate from 4¾ to 5¼. In other words, the Senate Committee on Banking and Currency, in Senate bill 57, the so-called Sparkman bill, voted unanimously to increase the interest rate to 5¼ percent. If my amendment is adopted, the situation will be that we shall have an interest rate of 5¼ percent. There is still some money with which to make direct loans to veterans.

Mr. McCLELLAN. Assuming that we are to allow the veteran to obtain a direct loan from the Government, how much interest will he have to pay on such loan?

Mr. CAPEHART. Five and one-quarter percent, under the terms of the committee proposal.

Mr. McCLELLAN. What is the difference obtaining a loan directly from the bank and paying 5¼ percent interest, and obtaining a loan di-

rectly from the Government and paying 5¼ percent interest?

Mr. CAPEHART. There is no difference so far as interest is concerned.

Mr. McCLELLAN. I understand that he may possibly obtain a loan from the bank at a lower rate. Is it proposed to freeze the interest rate at 5¼ percent?

Mr. CAPEHART. Five and one-quarter percent is the maximum that could be charged. A bank could lend money at a lesser rate if it so desired.

Mr. McCLELLAN. Suppose the veteran elects to go to the Government and obtain the loan direct, as authorized by the bill.

Mr. CAPEHART. He cannot obtain the loan directly from the Government, if a banker is willing to lend him the money at 5¼ percent.

Mr. McCLELLAN. In other words, if a bank will not make the loan at 5¼ percent—

Mr. CAPEHART. He cannot come to the Government.

Mr. McCLELLAN. The borrower cannot come to the Government. However, if he does come to the Government, he will have to pay 5¼ percent. Is that correct?

Mr. CAPEHART. That is correct. All we are trying to do is help balance the budget and make it possible for veterans to secure houses and to give them no advantage over the 30 million or 40 million people who are laboring people. The veterans are laboring people too. They are interested in balancing the budget also. They are good citizens. I do not believe they want any advantage. This particular amount will not help them.

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

Mr. CAPEHART. I yield.

Mr. FULBRIGHT. I want it made clear that there is nothing mandatory about the 5¼ percent. The interest does not have to go up that high.

Mr. CAPEHART. That is correct. It does not have to go up that high.

Mr. FULBRIGHT. That is the limit.

Mr. CAPEHART. Yes. In the housing bills we have always set a limit. It is possible to charge less, of course. In 90 percent of the times the amount has been less.

Mr. McCLELLAN. The Federal Government could charge less than 5¼ percent?

Mr. CAPEHART. Yes.

Mr. McCLELLAN. The 5¼ percent is the maximum. Is that correct?

Mr. CAPEHART. That is correct.

Mr. McCLELLAN. I cannot understand that point. Would the Administrator be authorized to discriminate by charging one veteran 5 percent, another 5¼ percent, and still another 4¾ percent? Could the Administrator do that?

Mr. CAPEHART. No; but the banks could do it.

Mr. McCLELLAN. The banks could do it. I am talking about the Government.

Mr. CAPEHART. The Administrator could not do it. The bank could not do it and get the Government's guarantee. It cannot be done without the Government's guarantee.

Mr. JOHNSTON of South Carolina. Is it not true that at the present time the rate is 4¾ percent, and is it not also true that the banks discount the amount to about 94½? I am speaking of most banks.

Mr. CAPEHART. The Senator has brought up a good point. The banks that buy the mortgages discount them to 96 or 94, and that gives them the same rate of yield as FHA mortgages, which carry 5¼ percent.

Mr. JOHNSTON of South Carolina. I should like to know what assurance there is that the mortgages will not be discounted in the future.

Mr. CAPEHART. I do not know that I could give the Senator any assurance.

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

Mr. CAPEHART. I yield.

Mr. AIKEN. I should like to say that I am not particularly impressed by the argument that if we raise the interest rate someone will make a loan sooner or later. I should like to say this, however, that in this country we have hundreds of thousands of small farms which have become uneconomic for farming purposes but which are ideal for residential purposes. They may be located anywhere from 10 to 15 miles out of town. I should like to make it as practicable as possible for veterans and their families to utilize these small farms as homes, as many of them have already done in New England and the eastern parts of the country.

I also wish to point out that, using my State as an example of a rural State, the average loan has been \$6,000, while the average loan throughout the country, urban and rural combined, has been about \$10,000.

It is evident that for a million dollars it is possible to house more people in rural areas than in the more expensive city areas. Furthermore, I venture the prediction that if the ceiling on the interest is fixed at 5¼ percent it will not necessarily mean that the veterans or anyone else will get 5¼ percent money. The rate would probably go up. I know from talking to some of my friends that it probably would. I am pretty sure it would be 6 percent plus a service charge. If there is a provision in the bill for direct loans, perhaps local banks will make 5¼ percent bank loans under FHA. If there is no provision, I would not give much for any chances of the fellow who lives 8 or 10 miles out of town of getting a loan.

I cannot vote for the amendment because I do not believe it would result in something I want to see, namely, more people getting out of the crowded areas in towns and cities and moving into rural districts.

Mr. CAPEHART. The Senator is mistaken. The rate could not possibly be more than 5¼ percent and be guaranteed by the Government.

Mr. AIKEN. But I know people who would rather have 6 percent without the Government guarantee. I wish to make it as practicable as I can for as many people as possible to get out of town and into the rural areas. It is better for them and better for the country. It may cost a little bit more to build high-

ways and schools for them, but it fits in with our rural development program.

Mr. CAPEHART. The Senator is proceeding on the theory that a great many veterans live in the country. It is a very small proportion.

Mr. AIKEN. I live 4 miles out of town, and I am surrounded by veterans.

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

Mr. CAPEHART. I yield.

Mr. COOPER. The argument is made that, so far as direct loans to veterans are concerned, particularly to veterans who live in small communities and in rural areas, this credit will not be available. From the discussions in committee, and from the Senator's information, can he give us any assurance as to where credit would be available to veterans in small towns?

Mr. CAPEHART. If we make the interest rate the same on veterans' loans as on FHA loans and on other loans, the veteran loan, being a more attractive loan to the investor, the investor will buy the attractive loan at the same interest rate, before he does the other loan. Therefore, we feel it safe to assume that the investor will buy the veteran's loan because of the increase in the interest rate, and because the Federal Government guarantees the loan 100 percent. The one who buys the loan does not care about the location, as the Senator from Vermont has observed. It is guaranteed by the Federal Government, and it carries 5½ percent interest, and if it is defaulted, the investor gets his cash.

Mr. COOPER. But the private institution takes into account the financial responsibility of the borrower. Most of those borrowers are young people starting out in life. The real problem in many small rural sections, as I see it, is whether the banks will make available this credit. Does the Senator have any answer to that problem?

Mr. CAPEHART. I do not know whether anyone can answer it completely, except that the investors have been buying the mortgages.

Mr. COOPER. Does the Senator remember how much was made available in the Housing Act of 1958 for direct veterans' loans?

Mr. CAPEHART. I cannot be accurate about it, but I think it was in the neighborhood of \$100 million, in 1958.

Mr. SPARKMAN. That is approximately correct.

Mr. CAPEHART. Now we are talking about \$300 million, with an increase in the interest rate.

Mr. COOPER. The information that has come to me from letters from people in my own State is that in many small communities they cannot get money from private institutions. Would the Senator consider amending his amendment to assure us that some money would be available for direct loans?

Mr. CAPEHART. I would suggest that we vote on the pending amendment. If it fails—and I am sure it will not fail—the Senator can offer an amendment. Perhaps the Senator would like to offer an amendment to my amendment. That is the privilege of every Senator.

Mr. COOPER. I ask unanimous consent that I may offer an amendment to

the Senator's amendment, that is, to reduce the \$300 million to \$150 million.

Mr. LANGER. I object.

Mr. CAPEHART. I would suggest that we first vote on my amendment.

Mr. SPARKMAN. Mr. President, I shall speak very briefly on the amendment.

Mr. COOPER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Kentucky will state it.

Mr. COOPER. I offered a modifying amendment. I understood the yeas and nays had been ordered on the Capehart amendment. I was under the impression that I had to ask unanimous consent in order to offer my modifying amendment.

The PRESIDING OFFICER. Objection was offered.

Mr. COOPER. Was it necessary for me to secure unanimous consent to offer my modifying amendment?

The PRESIDING OFFICER. An amendment is now pending.

Mr. COOPER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Kentucky will state it.

Mr. COOPER. A few minutes ago I offered an amendment to the amendment of the Senator from Indiana. My proposal was to reduce the amount from \$300 million to \$150 million. I ask if unanimous consent was required to offer my amendment.

The PRESIDING OFFICER. The Chair was in error in his ruling. The Senator from Kentucky offered an amendment to the amendment of the Senator from Indiana. It was the understanding of the Chair that objection had been raised. But the objection was raised in error. The Senator from Kentucky can offer his amendment to the amendment of the Senator from Indiana.

Mr. COOPER. I offer the amendment.

The PRESIDING OFFICER. The Senator from Indiana, the Chair understood, yielded to the Senator from Kentucky for that purpose.

Mr. CAPEHART. Unless there is great objection, I am prepared to accept the amount of \$150 million.

The PRESIDING OFFICER. The Chair is certain that the Senator from Indiana is well familiar with the procedure when the yeas and nays have already been ordered.

Mr. CAPEHART. Mr. President, I ask unanimous consent to modify my amendment so as to strike out "\$300 million" and insert in lieu thereof "\$150 million."

Mr. LANGER. I object.

Mr. CAPEHART. Mr. President, I ask unanimous consent to withdraw the order for the yeas and nays vote on my amendment and to permit a vote by acclamation. Then I shall offer the amendment for \$150 million.

Mr. LANGER. I object.

The PRESIDING OFFICER. The Senator from Alabama has the floor.

Mr. COOPER. Mr. President, a parliamentary inquiry.

Mr. SPARKMAN. Mr. President, I wish to make certain that I still have

the floor. I was under the impression that I had been recognized, and I had started to speak. I did not yield to any Senator. I do not know how all this discussion got started.

I hope that some arrangement can be worked out. As I understand the situation, it is this. The Senator from Indiana offered an amendment to strike out altogether the provision which made veterans who live in rural or semirural areas eligible for loans with which to build decent houses at a maximum cost of \$10,000 each. I think that picture should be made clear.

Then the Senator from Kentucky, as I understand, indicated a desire to continue the program, but to reduce the amount from \$300 million to \$150 million. I stated earlier in the day that I was not at all certain that \$300 million was really necessary if the interest rate were raised to 5¼ percent, as is provided in another section of the bill.

I do not agree with the Senator from Indiana and other Senators who have stated that the moneylenders would rush in to every nook and corner of the Nation, to the rural areas of southwest Alabama, Arkansas, Mississippi, Virginia, Vermont, and all the other States—including Texas. [Laughter.] I could name every State in the Union, because there are rural and semirural sections in every State in which it is not possible for a veteran to get mortgage money with which to build a decent \$10,000 home in which to rear his children.

That is what the program is designed for. The law states that such a program shall be accorded the credit-worthy veterans who live in rural or semirural areas and who are unable to obtain financial help elsewhere. Under the present program, every possible way is provided to make such help available to veterans, but only in the event it is not available from other sources.

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

Mr. SPARKMAN. I yield.

Mr. LANGER. Is it not true that for the last 2 or 3 years farmers have been unable to get loans at 4½ percent from any bank or insurance company?

Mr. SPARKMAN. That is true.

Mr. LANGER. Farmer after farmer was foreclosed. Now it is proposed to make the amount available \$150 million. In my opinion, that amount will not go far enough. I think we ought to hold to the entire \$300 million. That is why I have objected.

Mr. SPARKMAN. Let me remind the Senator from North Dakota of one thing which might be overlooked. The program is already set up with a revolving fund. The general law provides that \$150 million a year shall be added to the revolving fund. I do not want Senators to lose sight of that fact. So \$150 million will automatically be added to the revolving fund. The Senator from Kentucky proposes to add \$150 million to that amount.

I may say to the Senator from Kentucky, the Senator from North Dakota, and the Senator from Indiana, who offered the main amendment, that I am of the opinion that a good job can be

done with the \$150 million which will be additional to the \$150 million which will go into the regular rotating or revolving fund.

I hope the Senator from North Dakota will not object, but will let the amendment be offered. Remember, the question will be in conference between the House and Senate. The House has passed a bill which provides \$300 million. If we pass a bill which will provide for \$150 million, the amount which will be agreed to in conference should be somewhere between those two figures.

Mr. LANGER. I withdraw my objection.

Mr. COOPER. I offer my modifying amendment.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. On page 153, line 9, it is proposed to strike out "\$300,000,000" and insert in lieu thereof "\$150,000,000."

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

Mr. COOPER. I yield.

Mr. SPARKMAN. I join with the Senator from Kentucky as a cosponsor of the amendment.

Mr. CAPEHART. I am very happy to modify my amendment and to accept the figure of \$150 million.

Mr. President, I ask unanimous consent to withdraw the order for the yeand-nay vote, to modify my amendment, and to accept the figure of \$150 million in lieu of \$300 million.

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

The Senator from Indiana now accepts the amendment offered by the Senator from Kentucky, on page 153, line 9, to strike out "\$300,000,000" and insert in lieu thereof "\$150,000,000."

Mr. DIRKSEN. Mr. President, I have not seen so much confusion in this Chamber in a long time on what is, in my judgment, one of the most challenging issues before the Senate.

When we went down the road of direct loans to be made out of the Federal Treasury to veterans in remote and inaccessible places, as the law provides, I said at the time that we would never come back on that road. What has happened today proves it. Every request to go farther down that road proves it. Wait until we rack up billions of dollars of direct loans out of the Treasury. We will not stop with veterans. Let us not kid ourselves on that score.

There was a reason for our action the first time. There was some justification for it. The Housing and Home Finance Agency and the Veterans' Administration were not tooled up to do the paperwork in inaccessible areas in order to make loans to veterans. That was a good index. I think they made a pretty good case. But something has happened since that time. They tried out, in 30 different areas, a method by which little banks, trusted fiduciaries, trusted representatives, small building and loan associations, became the agents of the Housing Agency to do the paperwork necessary to make the loans. That technique

is now being extended to every section of the country.

The reason given heretofore for lending directly out of the Treasury for this purpose has fallen; it has been cast aside; and no longer is there any justification for it. The Housing Administration will tell Senators there is no justification for it. The Housing Administration will tell Senators that it can now process these loans, because it tried that, and it was a demonstrated success in over 30 areas of the country.

Where, then, is the justification for tapping the Federal till for \$150 million or \$300 million? We got \$150 million before. So now it is proposed to add \$150 million to it.

There is another legislative body which wanted to increase the ante. We shall hear about \$500 million, and we shall hear about \$1 billion. But where are we going to shut it off?

What shall we say to the little tenant farmers who want to reach into the Treasury on the same basis? We shall not have an answer.

Eighteen months ago I said to the President, "Mr. President, I hope you will not go down that road, because if you do, you never will walk back."

And today there is living proof in this Senate Chamber that we are walking farther and farther down that road.

Mr. President, what do you think the next Congress will do? Senators will rue the day they do it, if they do it now.

Before Senators cast an emotional vote, they should be sure where it will take us.

Mr. President, I will not accept any compromise. Any amount of this sort will still breach the budget. Even the \$150 million will breach the President's budget by \$36 million. And I will be the last to punch a hole in the dike.

Mr. President, I yield the floor.

Mr. CAPEHART. Mr. President—
The PRESIDING OFFICER. The Senator from Indiana.

Mr. CAPEHART. Mr. President, I withdraw my amendment.

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

The PRESIDING OFFICER. Is there objection?

Mr. KERR. Mr. President, I had asked the Senator to yield, and I understand that he did yield.

The PRESIDING OFFICER. The Senator from Indiana was recognized; and he has asked to withdraw his amendment.

Mr. CAPEHART. Mr. President, I ask unanimous consent that I may withdraw my amendment.

The PRESIDING OFFICER. Without objection—

Mr. JOHNSON of Texas. Mr. President, I wish to inquire about the parliamentary situation. The Senator from Indiana is requesting unanimous consent to withdraw his amendment, which would strike from the bill the \$300 million authorization. That was the amount in the original amendment, as I understand. Is that correct?

Mr. CAPEHART. That is correct.

Mr. JOHNSON of Texas. Mr. President, I understand that today the other

body passed the measure with the \$300 million authorization included in it. I understand that our committee voted to recommend to the Senate the \$300 million authorization. In an effort to come as close as possible to the recommendations of the administration, I asked the members of the committee on both sides to consider amending the bill by reducing the authorization from \$300 million to \$150 million, because no one can have his way all the time on every item. I believe that we shall be more likely to obtain some veterans' housing if we provide for \$150 million, rather than \$300 million.

I did not know the Senator from Kentucky [Mr. COOPER] was working on the same matter; but I had had several conversations with the chairman of the subcommittee and with other members of the subcommittee. I had also talked to some of the officials of the House of Representatives, in the hope that if the Senate voted the \$150 million authorization, we could go to conference, and there could try to obtain an amount which would be acceptable to the legislative branch of the Government, and one which perhaps would be acceptable to the administration. If we can do that with reasonable unanimity, I think we should try to do so.

If there are going to be deep divisions and if a substantial number of Members are opposed to the \$150 million, then I believe we should proceed to vote on the original Capehart amendment.

I had thought we had an agreement. I did not hear the statement made by the Senator from Illinois [Mr. DIRKSEN]; I was out of the Chamber at the time. But I should like to ask him whether I correctly understand that he is opposed to the \$150 million authorization.

Mr. DIRKSEN. I was just speaking my conviction, and I think I was asserting the position of the administration, because the housing bill which came to us did not call for any amounts, outside of the funds carried over, for direct funds to veterans. If I am wrong, I ask to be corrected.

However, I think that is the form in which the bill came to us. Certainly, under the circumstances, and in view of the background involved, and in view of my conviction that at the end of this road there will be difficulty for us, I had to assert that viewpoint.

What the majority here may do is quite another matter; and certainly I shall not stand in the way. But I believe the viewpoint which was expressed by the Housing and Home Finance Agency and by the President of the United States should be accurately and authoritatively asserted on this floor; and that I have done.

Mr. SPARKMAN. Mr. President, will the Senator from Texas yield to me?

Mr. CASE of South Dakota. Mr. President, I rise to a point of order.

The PRESIDING OFFICER. The Senator from Texas has the floor.

Mr. JOHNSON of Texas. Mr. President, I ask the Senator from South Dakota first to permit me to yield to the Senator from Alabama; and then I shall

be glad to yield to the Senator from South Dakota.

Mr. CASE of South Dakota. Very well.

Mr. JOHNSON of Texas. Then, Mr. President, at this time I yield to the Senator from Alabama.

Mr. SPARKMAN. Mr. President, I believe the RECORD should show what the law on this point is. The Senator from Illinois referred to the remote sections. Here is the law, and this is the form in which it was originally passed in 1950:

(b) Whenever the Administrator finds that private capital is not generally available in any rural area or small city or town for the financing of loans guaranteed under section 501 of this title, he shall designate such rural area or small city or town as a "housing credit shortage area" and shall make, or enter into commitments to make, loans for any or all of the following purposes in such area:

(1) For the purchase or construction of a dwelling to be owned and occupied by a veteran as his home;

(2) For the purchase of a farm on which there is a farm residence to be owned and occupied by a veteran as his home;

(3) For the construction on land owned by a veteran of a farm residence to be occupied by him as his home; or

(4) For the repair, alteration, or improvement of a farm residence or other dwelling owned by a veteran and occupied by him as his home.

If there is an indebtedness which is secured by a lien against land owned by a veteran, the proceeds of a loan made under this section for the construction of a dwelling or farm residence on such land may be expended also to liquidate such lien, but only if the reasonable value of the land is equal to or in excess of the amount of the lien.

(c) No loan may be made under this section to a veteran unless he shows to the satisfaction of the Administrator that—

(1) He is a satisfactory credit risk;

(2) The payments to be required under the proposed loan bear a proper relation to his present and anticipated income and expenses;

(3) He is unable to obtain from a private lender in such housing credit shortage area, at an interest rate not in excess of the rate authorized for guaranteed home loans, a loan for such purpose for which he is qualified under section 501 of this title; and

(4) He is unable to obtain a loan for such purpose from the Secretary of Agriculture under the Bankhead-Jones Farm Tenant Act or under the Housing Act of 1949.

In other words, Mr. President, I want the RECORD to show that the law is limited to those rural and semirural areas.

I wish to remind the distinguished Senator from Illinois that when this question came up for extension—I believe it was in 1952 or 1953, but I do not remember just when the Senator from Illinois came to the Senate, and perhaps he will enlighten me on that point; but it was the first extension after that time—the Senate incorporated the revolving-fund provision with the annual contribution method provision; and I remember quite well that the Senator from Illinois took the floor and had some good words to say about the program and about this revolving feature. He was most helpful in getting that extension through in the form in which it has operated.

Mr. DIRKSEN. Mr. President, just let the Senator from Alabama document the RECORD, instead of guessing.

Mr. SPARKMAN. I shall be glad to do so. I stated that it was when the extension came up. As I recall, it was 1952 or 1953; and the Senator from Illinois made a speech about it, and complimented us for bringing in the revolving-fund feature with this annual contribution to it; and the program has continued to operate in that way, down to this very day.

Today, all we are doing is trying to put some supplemental funds into that revolving fund, in order to take care of the backlog which has accumulated; and the Veterans' Administration tells us that as of December 31, it had 50,000 applications in its backlog.

The program is a remarkably good one. As I pointed out earlier today, 6 percent of the mortgages have been paid off in full; 6 percent have been sold to private investors; and less than one-half of 1 percent have been foreclosed. The program has been remarkably successful, and I certainly think it is one program which we ought to help move forward. It is not in competition with private capital. It works only in areas where private capital is not available.

Mr. GORE. Mr. President, will the Senator from Texas yield to me?

Mr. JOHNSON of Texas. I yield.

Mr. CASE of South Dakota. Mr. President, a parliamentary inquiry: A moment ago I rose to a point of order, and I understood the Senator from Texas to agree that I would be recognized for that purpose, following the remarks of the Senator from Alabama.

Mr. JOHNSON of Texas. Yes; I did make that commitment. So if the Senator from Tennessee will please wait, inasmuch as I had that commitment to the Senator from South Dakota, I now yield to him.

Mr. CASE of South Dakota. I thank the Senator from Texas.

Mr. President, it is my understanding that the order for the yeas and nays on the Capehart amendment had been withdrawn. In that case, the Senator from Indiana had a right to withdraw his amendment as a matter of right, and did not have to request unanimous consent. In that event, the only amendment now before the Senate is that of the Senator from Kentucky [Mr. COOPER].

Mr. JOHNSON of Texas. I understand that is the case. I was temporarily detained, and it was my understanding that no unanimous consent had been given to withdraw the yeas and nays. If I was in error—and the minority leader indicates that I was, and he is usually very accurate; and I was not in the Chamber at that moment—then the present parliamentary situation, as I now understand it, is that the question at this time before the Senate is on agreeing to the amendment of the Senator from Kentucky [Mr. COOPER]. The Senator from Kentucky offered an amendment which I have been trying all afternoon to get accepted by both sides; and I thought I had just about gotten it accepted, when I left the Chamber. Then my delightful friend, the Senator from Illinois, made a speech against the amendment.

I do not want the yeas and nays on the Cooper amendment, if it is agreeable to the author. I think we can vote the amendment in and recess for the evening.

Mr. COOPER. I have not asked for the yeas and nays. I am perfectly willing to have a voice vote.

Mr. GORE. Mr. President—

Mr. JOHNSON of Texas. I yield to my friend from Tennessee.

Mr. GORE. The able junior Senator from Alabama said that all this provision did was provide additional money. I respectfully suggest it does one other thing. It increases the interest rate by which the money already available can be loaned to veterans as well as the rate at which the additional money herein proposed can be loaned.

I would regret to see the first bill passed by this new Congress increase the interest rates for veterans' loans higher than those for other loans which the Government makes. For example, the loans under the REA program are at 2 percent; for veterans they would be 5¼ percent under this bill. Farmers home loans are made at 4 percent, and loans to aid in ship construction are made at 3½ percent; for veterans they would be at 5¼ percent under this bill.

During the last 5 months the interest rates on Government bonds, Government bills, and prime commercial paper have experienced the most drastic increase that has taken place in any similar period in history. It is time this Congress wrote a democratic housing bill.

I will join the able junior Senator from Oklahoma and other Senators in the amendment which he proposes to offer, and in other amendments which will be offered, in an attempt to do so.

For 14 years, including the first 2 years of the Eisenhower administration, the Federal National Mortgage Association served as a secondary market for home loan mortgages. It did so at a profit for the Government. I repeat, for 14 years, under the late President Franklin D. Roosevelt, former President Harry Truman, and President Dwight D. Eisenhower, that happened.

What is wrong with a program that has been tested and proved and found successful and profitable for 14 years? The tight money policy and an acceleration of the inflationary spiral of interest rates is not the answer.

To supplement the amendment offered by the junior Senator from Oklahoma, for himself and other Senators, I shall offer an amendment which will restore the program I have described, under which the Federal National Mortgage Association will provide an effective secondary market for home mortgages.

Mr. JOHNSON of Texas. In my opinion, the Senator from Tennessee is correct that this bill increases the interest rate, and I believe most Members of the Senate are aware of that fact. I think before we conclude consideration of the pending bill we shall have an opportunity to pass on the amendment of the Senator from Oklahoma and the Senator from Tennessee.

Now I want to dispose of the amendment of the Senator from Kentucky, if I can.

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

Mr. JOHNSON of Texas. I yield.

Mr. BUSH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BUSH. If the Senate votes for the Cooper amendment and agrees to it, it would still be in order for the original Capehart amendment to be called up, if the Senator from Indiana does it, or if any other Senator does it. Is that correct?

The PRESIDING OFFICER. In the opinion of the Chair, the statement of the Senator from Connecticut is accurate.

Mr. JOHNSON of Texas. Mr. President, may we have a vote on the Cooper amendment?

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

The amendment was agreed to.

Mr. JOHNSON of Texas. Mr. President, I move to reconsider the vote by which the Cooper amendment was adopted.

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

The motion to lay on the table was agreed to.

ORDER FOR ADJOURNMENT UNTIL 11 A.M. TOMORROW

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate adjourns this evening, it stand in adjournment until 11 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADJOURNMENT UNTIL 11 A.M. TOMORROW

Mr. JOHNSON of Texas. Mr. President, I move that the Senate stand in adjournment until 11 o'clock a.m. tomorrow.

The motion was agreed to; and (at 7 o'clock and 16 minutes p.m.) the Senate adjourned, the adjournment being, under the order previously entered, until tomorrow, Thursday, February 5, 1959, at 11 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate February 4, 1959:

DIPLOMATIC AND FOREIGN SERVICE

Raymond A. Hare, of West Virginia, a Foreign Service officer of the class of career minister, now Ambassador Extraordinary and Plenipotentiary of the United States of America to the United Arab Republic, to serve concurrently and without additional compensation as Envoy Extraordinary and Minister Plenipotentiary of the United States of America to the Kingdom of Yemen.

Phillip K. Crowe, of Maryland, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Union of South Africa, vice Henry A. Byroade.

POST OFFICE DEPARTMENT

Rollin D. Barnard, of Colorado, to be an Assistant Postmaster General, vice Ormonde A. Klieb, resigned.

U.S. ATTORNEY

Russell B. Wine, of Texas, to be U.S. attorney for the western district of Texas for the term of 4 years. He is now serving in this office under an appointment which expires February 9, 1959.

POSTMASTERS

The following-named persons to be postmasters:

ALABAMA

Jimmy R. McWhirter, Dolomite, Ala., in place of Gladys Reaves, retired.

Huge F. Penn, Hartselle, Ala., in place of J. T. Cooper, retired.

Edith E. Bowden, Honoraville, Ala., in place of A. R. Morgan, deceased.

Geraldine T. Forbus, Kellyton, Ala., in place of E. M. Culberson, retired.

Eugene Williamson, Orrville, Ala., in place of H. E. Marshall, retired.

Thomas E. Fischer, Plantersville, Ala., in place of S. K. Martin, retired.

Thomas O. Rudder, Stevenson, Ala., in place of E. O. Mann, retired.

J. Carson Whitson, Talladega, Ala., in place of B. B. Hardegree, resigned.

ALASKA

Victor R. Milligan, Ketchikan, Alaska, in place of P. N. Ripley, retired.

ARIZONA

Walter L. Bristol, Nogales, Ariz., in place of E. L. Wheeler, retired.

ARKANSAS

Samuel J. McGraw, Austin, Ark., in place of M. B. Adams, retired.

William McKinley Huddleston, Batesville, Ark., in place of E. F. Crutchfield, transferred.

Ferrell S. Tucker, Caraway, Ark., in place of Lee Rea, deceased.

Cline C. Pile, Charleston, Ark., in place of C. W. Spiller, retired.

C. Stewart Landes, Lewisville, Ark., in place of B. W. Walker, retired.

Wilburn Gale Hanna, Luxora, Ark., in place of F. R. Rogers, transferred.

Ruby R. Ryan, Magazine, Ark., in place of G. O. Thomasson, deceased.

Hubert C. Robbins, Jr., Piggott, Ark., in place of H. M. Jinks, resigned.

Joe L. Mills, Sulphur Springs, Ark., in place of M. E. Whaley, retired.

CALIFORNIA

Jesse Ralph Layton, Fullerton, Calif., in place of F. D. Lowrey, retired.

Eva C. Edwards, Littlerock, Calif., in place of M. A. Wallace, resigned.

Fred Judson Booth, Stockton, Calif., in place of George Langford, retired.

Eugene C. Schmitt, Vina, Calif., in place of C. E. Spaletta, resigned.

COLORADO

Robert Hayes Wardwell, Colorado Springs, Colo., in place of Darius Allen, retired.

DELAWARE

Joseph J. Pearce, Jr., Milford, Del., in place of J. E. Mayhew, retired.

FLORIDA

Stewart H. Hawkins, Anna Maria, Fla., in place of F. I. Warttig, retired.

Jay R. Shattuck, Deerfield Beach, Fla., in place of E. V. Morrow, resigned.

James F. Rylant, Fernandina Beach, Fla., in place of Louis Goldstein, retired.

Marion M. Woolley, Fort Walton Beach, Fla., in place of H. T. Stewart, resigned.

Huber C. Hurst, Jacksonville, Fla., in place of G. C. Blume, deceased.

Eugene M. Dunlap, Miami, Fla., in place of S. R. Valliere, deceased.

Clarence C. Christilles, Seville, Fla., in place of M. O. Causey, retired.

GEORGIA

Horace J. Healan, Hoschton, Ga., in place of J. P. Pirkle, retired.

Raymond D. Hill, Thomasville, Ga., Claude Rountree, deceased.

IDAHO

Loren D. Anderson, Filer, Idaho, in place of H. C. Hunter, deceased.

Taft P. Budge, Paris, Idaho, in place of L. J. Passey, removed.

HAWAII

George T. Hara, Honolulu, T. H., in place of A. P. Lino, retired.

ILLINOIS

Arlynn M. Price, Abingdon, Ill., in place of J. W. Lucas, resigned.

John W. Dehmlow, Algonquin, Ill., in place of M. W. Struwing, removed.

Gordon L. Smedley, Ashland, Ill., in place of Pearl Caswell, removed.

Louis H. Kauling, Beckemeyer, Ill., in place of E. J. Zinschlag, retired.

Rex H. Carter, Berwyn, Ill., in place of J. J. A. Borkovec, retired.

Ethel F. Hierman, Bluffs, Ill., in place of T. B. Meehan, removed.

Robert V. Loft, Capron, Ill., in place of M. M. Boyd, removed.

Edward J. Kleen, Elmwood, Ill., in place of C. R. Bowers, retired.

Ernie R. Rightmyer, Fairfield, Ill., in place of J. C. Stanley, removed.

Theron C. Tavenner, Freeport, Ill., in place of J. C. McKinstra, deceased.

Kenneth L. Pflaum, Genoa, Ill., in place of J. R. Sester, removed.

Lee H. Clark, Glenarm, Ill., in place of M. L. McCraner, retired.

Viola Kinman, Hamburg, Ill., in place of E. F. Day, retired.

Hester L. Kaufman, Harristown, Ill., in place of C. C. Brown, resigned.

George E. Maris, Heyworth, Ill., in place of L. M. Wakefield, removed.

Richard R. Michelsen, Huntley, Ill., in place of W. L. Donahue, transferred.

Bayard M. Wright, Lacon, Ill., in place of M. W. Dunn, removed.

Richard D. Michael, LeRoy, Ill., in place of W. J. Strange, retired.

Robert E. Seely, Jr., Manhattan, Ill., in place of F. J. Lowrey, Sr., resigned.

William H. House, Mansfield, Ill., in place of R. A. Tilford, resigned.

Wilbur C. Heuser, Marine, Ill., in place of H. B. Gramann, retired.

Stewart V. Edlund, Mazon, Ill., in place of W. S. Shipley, removed.

Raymond E. Rub, Minooka, Ill., in place of M. E. Brannick, retired.

Frank D. Talley, Mount Carmel, Ill., in place of Fay Moyer, removed.

Theodore L. Medcalf, New Baden, Ill., in place of Bert Baird, retired.

Cecil Moore, New Canton, Ill., in place of C. T. Gilbert, retired.

Earl J. Thompson, O'Fallon, Ill., in place of J. L. Anheuser, resigned.

Gerald W. Sears, Plano, Ill., in place of I. W. Nelson, retired.

Aileen H. Adams, Rapids City, Ill., in place of C. E. Hancock, retired.

Elmer J. Leusby, Rock Falls, Ill., in place of C. H. Beien, retired.

Frank G. Brown, Salem, Ill., in place of C. H. Roberts, transferred.

Lowell T. Green, Strasburg, Ill., in place of G. E. Kull, resigned.

Herbert W. Danekas, West Brooklyn, Ill., in place of J. H. Michel, retired.

Richard Z. Dolgopol, Wheeling, Ill., in place of August Grewe, retired.

INDIANA

Hayward A. Claybaugh, Argos, Ind., in place of N. D. Thompson, retired.

Wilfred M. Bedel, Batesville, Ind., in place of C. H. Andres, deceased.

Maurice F. Kellman, Dyer, Ind., in place of L. E. Hoffman, deceased.

James L. Conwell, Greensburg, Ind., in place of C. D. Samuels, resigned.

Paul Burns, Oakland City, Ind., in place of T. J. Lemasters, retired.
Ray E. Melick, Oaktown, Ind., in place of E. P. Donnar, retired.
Verda May Penrod, Unlondale, Ind., in place of Arthur Miller, deceased.

IOWA

John H. Hendriks, Muscatine, Iowa, in place of A. S. Barry, retired.
Charles C. Yost, West Des Moines, Iowa, in place of R. I. Rinkler, retired.

KANSAS

Jacob C. Gaeddert, Inman, Kans., in place of J. F. Lambert, transferred.
Lorn R. Lahey, Sr., McCune, Kans., in place of C. E. Mansfield, retired.
Roland D. Kesler, Quinter, Kans., in place of R. S. Ikenberry, retired.
Lloyd W. Barker, Valley Falls, Kans., in place of Clayton Wyatt, retired.

KENTUCKY

John F. Murdock, Covington, Ky., in place of R. T. Von Hoene, deceased.
William D. Gorman, Hazard, Ky., in place of A. M. Moore, retired.
William B. Mathews, Maysville, Ky., in place of N. M. Hargett, removed.
James E. Morris, Neon, Ky., in place of J. M. Caudill, resigned.
Arnold D. Sprague, Jr., Sturgis, Ky., in place of L. D. Rose, retired.
Francis E. Ryan, Verona, Ky., in place of Mayo Hayden, resigned.
Julian B. Hays, Woodburn, Ky., in place of L. W. Hobbs, retired.

LOUISIANA

Ora G. Thomas, Mooringsport, La., in place of A. H. Barre, retired.
Everett Hill, Pitkin, La., in place of C. W. Carson, retired.
Cecil B. Waldrip, Quitman, La., in place of O. M. Peters, retired.

MICHIGAN

Budd A. Goodwin, Adrian, Mich., in place of P. F. Frownfelder, retired.
Raymond J. O'Neil, Belleville, Mich., in place of F. A. Prals, transferred.
Harriet E. Burditt, Cement City, Mich., in place of L. M. Taggart, removed.
George A. Martin, Dearborn, Mich., in place of J. A. Yagley, retired.
Otis E. Howe, Decatur, Mich., in place of H. H. Creagan, removed.
Duane E. Murphy, Eagle, Mich., in place of R. E. Van Driesen, removed.
Charles H. Pratt, Flint, Mich., in place of W. O. Kelly, resigned.
Sayre H. Ostrander, Grand Marais, Mich., in place of E. L. Mulligan, retired.
James Patejdl, Harbert, Mich., in place of O. W. Tornquist, retired.
Urho J. Koski, Houghton, Mich., in place of J. C. Healy, removed.
John W. Van Eck, Kalamazoo, Mich., in place of Walter Schanz, removed.
Bob Lee Baker, Mendon, Mich., in place of M. C. Travis, removed.
Leon B. Crofoot, Mikado, Mich., in place of Mamie Deford, resigned.
Leo G. Smith, Newberry, Mich., in place of Joseph Villemure, retired.
Richard E. Jackson, Palmyra, Mich., in place of A. C. Johnston, transferred.
Nellie J. Morrison, Rapid City, Mich., in place of C. K. Guy, removed.
Erwin H. Kubath, St. Joseph, Mich., in place of E. M. Evans, retired.
Mary S. Porter, Samaria, Mich., in place of M. S. Dunbar, retired.
Ernest R. Steen, Shelby, Mich., in place of R. R. Royal, retired.
Stewart E. Walter, Smiths Creek, Mich., in place of A. F. Lenart, retired.
Harold J. Hawkins, Wayland, Mich., in place of M. R. Ehle, removed.

MINNESOTA

Donna J. Gross, Calumet, Minn., in place of P. F. Preece, retired.

MISSISSIPPI

Frank S. Kennedy, Jr., Meridian, Miss., in place of W. D. Kennedy, deceased.
Edgar I. Adcock, Ridgeland, Miss., in place of B. D. Battley, resigned.
Rufus A. Ware, Stringer, Miss., in place of J. G. Ishee, retired.

MISSOURI

Gordon A. Rollins, Carthage, Mo., in place of C. O. Smith, removed.
David C. Baumann, Huntsville, Mo., in place of C. E. Burkhardt, transferred.
Jeffrey P. Hillelson, Kansas City, Mo., in place of A. F. Sachs, retired.
Floyd A. Cooley, Mansfield, Mo., in place of J. E. Craig, retired.

MONTANA

Virgil S. Davis, Anaconda, Mont., in place of F. J. J. Finnegan, removed.
Leonard E. Eriksen, Hungry Horse, Mont., in place of H. D. Howell, resigned.

NEW HAMPSHIRE

Oliver L. Carter, Seabrook, N.H., in place of S. J. Foote, retired.

NEW JERSEY

Alfred E. Casagrand, Bayville, N.J., in place of B. D. Coffey, retired.
Mary C. Bittle, Neshanic Station, N.J., in place of E. Q. McTanney, resigned.
Michael Yurcisin, Roebing, N.J., in place of George Majoros, Jr., removed.
Marjorie E. Houghtaling, Vernon, N.J., in place of A. E. Baldsin, deceased.

NEW MEXICO

John P. McFarland, Albuquerque, N. Mex., in place of H. P. Cooper, deceased.
Benjamin H. Roberts, Corona, N. Mex., in place of B. E. Jones, resigned.
Ethel B. Solomon, Mosquero, N. Mex., in place of E. L. Wallace, removed.
Thomas W. Wilson, Ojo Caliente, N. Mex., in place of P. T. Lucero, resigned.
Sibyl S. Griffin, Reserve, N. Mex., in place of Irene Graham, resigned.
William D. Reams, Silver City, N. Mex., in place of J. L. Turner, resigned.
Julius E. Fitzner, Tucumcari, N. Mex., in place of T. N. Lawson, retired.

NEW YORK

Charles A. Briggs, Jr., East Chatham, N.Y., in place of A. V. Beebe, retired.
John L. Kress, Jr., Galway, N.Y., in place of J. T. Hunter, retired.
Edward A. Byrnes, Haverstraw, N.Y., in place of E. A. Ganson, resigned.
Lawrence M. Kendall, Millwood, N.Y., in place of H. S. Putney, retired.
H. Douglas Troutman, Romulus, N.Y., in place of Charles McGrane, retired.
Royden W. McCullough, Wyoming, N.Y., in place of G. F. Powers, Jr., transferred.

NORTH CAROLINA

Carlyle P. Matheson, Andrews, N.C., in place of Galusha Pullium, removed.
Edward Leroy Hobby, Apex, N.C., in place of T. B. Miller, retired.
Guy E. Snyder, Bakersville, N.C., in place of J. F. Greene, resigned.
Ransom T. Williams, Bladenboro, N.C., in place of R. L. Bridger, deceased.
Lyle B. Cook, Boone, N.C., in place of J. E. Brown, Jr., removed.
Melvin H. Crisp, Brasstown, N.C., in place of Iowa Green, retired.
Vernon P. Fullbright, Brevard, N.C., in place of T. C. Galloway, retired.
James R. Frady, Candler, N.C., in place of B. E. Brenton, resigned.
Clarence W. Burrell, Canton, N.C., in place of W. C. Hill, retired.
Arlie R. Cox, Central Falls, N.C., in place of A. M. York, retired.

J. Howard Crowell, Concord, N.C., in place of B. E. Harris, resigned.

Clifton W. Crispe, Cullowhee, N.C., in place of B. B. Long, retired.
Jay T. Baker, Dallas, N.C., in place of G. L. Friday, resigned.
Clifford O. Scott, Dobson, N.C., in place of R. L. Folger, removed.
Theaddeus H. Pope, Dunn, N.C., in place of Ralph Wade, retired.
Raymond H. Hoots, Edneyville, N.C., in place of J. W. Nesbitt, retired.
Sion Chester Rogers, Elizabethtown, N.C., in place of J. K. Clark, retired.
Burl L. Orr, Fontana Dam, N.C., in place of B. Q. Cable, transferred.
Wallace K. Crawford, Hayesville, N.C., in place of F. R. Jones, retired.
John Perry, Jr., Hendersonville, N.C., in place of Columbus Few, retired.
Carl L. Talley, Highlands, N.C., in place of C. C. Potts, retired.
Maude T. Brown, Hillsboro, N.C., in place of T. E. Bivins, resigned.
John F. Mewborne, Kingston, N.C., in place of E. R. Wooten, resigned.
Norman A. Randall, Leicester, N.C., in place of M. H. Current, retired.
Roby J. Maley, Lexington, N.C., in place of S. J. Smith, retired.
Kirby W. Greene, Jr., Linwood, N.C., in place of F. H. Shoaf, transferred.
Harveleigh M. White, Method, N.C., in place of A. T. White, deceased.
Worth T. Hendricks, Mocksville, N.C., in place of Daisy Holthouser, transferred.
Coy S. Lewis, Jr., Robbins, N.C., in place of G. E. Walker, deceased.
Carroll O. Jenkins, Robbinsville, N.C., in place of W. G. Carver, removed.
Charles C. Small, Sophia, N.C., in place of D. R. Bulla, retired.
Martin T. Southard, Stokesdale, N.C., in place of H. G. Cook, retired.
Enos R. Boyd, Waynesville, N.C., in place of J. H. Howell, retired.
Howell W. Ratcliff, Weaverville, N.C., in place of Kate Reagan, retired.
Josiah A. Maultsby, Jr., Whiteville, N.C., in place of A. E. Powell, retired.
Julius C. Vogt, Wilson, N.C., in place of G. T. Fulghum, retired.
M. Vance Hickman, Winston-Salem, N.C., in place of W. B. Booe, resigned.

NORTH DAKOTA

Myron J. Wallin, Crosby, N. Dak., in place of H. A. Emanuel, retired.
Anna E. Schlabach, Driscoll, N. Dak., in place of A. M. Bruschwein, retired.
William T. Fasset, Dunseith, N. Dak., in place of I. G. Williams, retired.
Dora H. Loepke, Heaton, N. Dak., in place of J. C. Stuart, resigned.
Sidney G. Muirhead, Keene, N. Dak., in place of T. L. Lacey, resigned.
Leo Ketterling, Lehr, N. Dak., in place of J. H. Bellon, retired.
Albert E. Storhoff, Nome, N. Dak., in place of A. M. Bakke, resigned.

OHIO

Gay W. Smyth, Bergholz, Ohio, in place of M. M. Morrow, retired.
Ernest J. Rogers, Lowellville, Ohio, in place of J. B. Fanto, removed.
Clarence J. Loch, Salineville, Ohio, in place of M. F. Mulheran, retired.
Roger K. Amstutz, Sulphur Springs, Ohio, in place of L. M. Light, deceased.
Virgil E. Marine, Zanesfield, Ohio, in place of M. A. Sine, resigned.

OKLAHOMA

Marguerite L. McDonald, Bokeshe, Okla., in place of O. C. Broking, retired.
Thomas H. Henderson, Fort Cobb, Okla., in place of W. S. Bird, transferred.
Jim J. Loftis, Frederick, Okla., in place of C. F. Vickrey, removed.
Jack H. Justice, Maysville, Okla., in place of B. C. Sparks, transferred.

Frank M. Hippard, Okeene, Okla., in place of A. M. Farhar, deceased.
 Earl D. Allee, Quapaw, Okla., in place of C. E. Douthat, retired.
 Guy W. Willibey, Sapulpa, Okla., in place of G. B. Grigsby, resigned.
 Isaac L. Thomson, Valliant, Okla., in place of A. M. Mills, resigned.
 Loran D. Rhodes, Webbers Falls, Okla., in place of M. D. Harmon, retired.
 Beulah G. Wallace, Wilburton, Okla., in place of L. M. Pace, deceased.

PENNSYLVANIA

Emma Jane Kimmel, Dalmatia, Pa., in place of P. L. Tressler, retired.
 Warren S. H. Reppert, Egypt, Pa., in place of E. A. Breinig, retired.
 George K. Bilger, Kreamer, Pa., in place of C. G. Hummel, removed.
 Paul E. Kuhlman, Lebanon, Pa., in place of D. E. Walter, removed.
 Claude B. Faust, Macungie, Pa., in place of F. E. Neumeyer, removed.
 L. Ramond Moore, Modena, Pa., in place of E. E. Morris, retired.
 Stanley T. Wagner, Penns Creek, Pa., in place of J. C. Showers, retired.
 Sherwood H. McCormack, Sligo, Pa., in place of W. J. Forsythe, removed.
 Rudolph Simitz, Spinnerstown, Pa., in place of Laura Lancaster, resigned.
 Robert E. Doeblner, Sunbury, Pa., in place of Charles Kline, retired.

PUERTO RICO

Angel Cesar Benitez Lopez, Aguas Buenas, P.R., in place of F. G. Gonzales, retired.
 Oscar Rios Santiago, Corozal, P.R., in place of A. M. Bou, retired.
 Luis Domenech, Isabela, P.R., in place of B. de la R. Guevara, retired.
 Jose M. Vidal, Jr., Juncos, P.R., in place of J. A. Principe, removed.
 Efrain Poupart, Las Piedras, P.R., in place of Angeline Frias, retired.

SOUTH CAROLINA

Robert B. Nickles, Donalds, S.C., in place of P. M. Davis, retired.
 Marvin F. Carpenter, Graniteville, S.C., in place of F. L. Zimmerman, retired.

TENNESSEE

Charles B. Gray, Afton, Tenn., in place of R. V. Earnest, retired.
 Freddie R. Maxwell, Algood, Tenn., in place of M. H. Swallows, retired.
 Lee N. Ruch, Belvidere, Tenn., in place of Clyde Zimmerman, transferred.
 Harold N. Tidwell, Bon Aqua, Tenn., in place of A. J. Frazier, resigned.
 Oliver M. Spence, Chattanooga, Tenn., in place of R. T. Sterchi, deceased.
 Paul D. Tolley, Decaturville, Tenn., in place of J. W. Stout, retired.
 E. Neil Muzzall, Henry, Tenn., in place of M. B. Curry, transferred.
 Betty Greer Goddard, Louisville, Tenn., in place of S. L. Graves, transferred.
 Erma J. Hall, Mayland, Tenn., in place of E. L. Phillips, resigned.
 Paul R. Ledbetter, Obion, Tenn., in place of H. B. Fox, deceased.
 William R. Allbritten, Puryear, Tenn., in place of Z. A. Humphreys, removed.
 Johnnie V. Braswell, Smyrna, Tenn., in place of N. E. Colman, retired.
 John L. Sanders, Somerville, Tenn., in place of W. A. Rhea, retired.
 Thomas R. Carothers, Wartrace, Tenn., in place of A. S. Shriver, retired.

TEXAS

George D. FitzSimmons, Jr., Alice, Tex., in place of M. A. Mullen, removed.
 Dudley B. Lawson, Alto, Tex., in place of J. B. Thorn, Jr., transferred.
 Albert A. Hubbard, Alvarado, Tex., in place of E. P. Robinson, retired.
 George L. Hanke, Aspermont, Tex., in place of W. M. Robbins, declined.

Ruby D. Cummings, Barstow, Tex., in place of A. J. Hayes, resigned.
 Marion Lee Neal, Baytown, Tex., in place of N. B. Ballard, transferred.
 Oscar Dwin Carr, Big Lake, Tex., in place of G. T. Edens, retired.
 James Q. Pennington, Bluegrove, Tex., in place of R. O. Childs, removed.
 Noah L. Pruitt, Jr., Bronte, Tex., in place of C. G. Williams, retired.
 William C. Brown, Brownfield, Tex., in place of J. L. Shelton, resigned.
 Benedict M. Kocurek, Caldwell, Tex., in place of R. A. Bowers, transferred.
 William M. Sumner, Carrollton, Tex., in place of G. F. Isom, removed.
 Benjamin W. Pearce, Center, Tex., in place of S. E. Burns, deceased.
 Homer B. Adams, College Station, Tex., in place of T. O. Walton, retired.
 Effie Stewart Noack, Daisetta, Tex., in place of A. W. Hart, retired.
 J. F. Grimes, DeSoto, Tex., in place of O. L. Steadman, resigned.
 Alene W. Cottrell, Dime Box, Tex., in place of J. A. Bayer, transferred.
 Homer R. Granberry, Douglassville, Tex., in place of E. E. McMillian, Jr., removed.
 John Sleeper, Sr., Elm Mott, Tex., in place of T. F. Gassaway, retired.
 Billy G. Williams, Freer, Tex., in place of E. C. Kelly, removed.
 Howard W. Curtis, Galena Park, Tex., in place of E. P. Minnock, removed.
 James D. Wheeler, Jr., Garland, Tex., in place of F. B. Crush, resigned.
 Etta L. Chamberlain, Goree, Tex., in place of C. R. Chamberlain, deceased.
 Holman R. Lee, Graham, Tex., in place of W. E. Simpson, removed.
 Lamont Burnett, Hillsboro, Tex., in place of B. C. Jackson, removed.
 Charles M. Martinson, Jr., Jasper, Tex., in place of H. R. Hancock, transferred.
 Ronald A. Helfenstine, Kennedale, Tex., in place of Sallie Helm, resigned.
 Samuel J. Morse, Jr., Linden, Tex., in place of N. L. Stanley, transferred.
 William H. Moore, McAdoo, Tex., in place of R. L. Nickels, retired.
 Bill R. Reeves, McLean, Tex., in place of J. R. Back, removed.
 Lloyd A. Adams, Mount Pleasant, Tex., in place of A. B. Gilpin, deceased.
 Horace W. McAdams, Muleshoe, Tex., in place of A. J. Gardner, transferred.
 Wade M. Slough, Odessa, Tex., in place of W. T. Henderson, retired.
 Hugh Clifford Ryan, Pasadena, Tex., in place of C. T. Coolidge, retired.
 Arthur R. Main, Petersburg, Tex., in place of L. M. Brashear, resigned.
 Robert C. Watson, Plains, Tex., in place of Cora Read, retired.
 Kyle C. Elam, Port Arthur, Tex., in place of F. C. Toups, deceased.
 Ocie K. Milner, Jr., Quitman, Tex., in place of J. T. Morse, transferred.
 Joy S. Morris, Rosenberg, Tex., in place of L. O. Senkel, transferred.
 Trinidad Solis, San Diego, Tex., in place of L. F. Garcia, removed.
 Lenard R. Miller, Talco, Tex., in place of G. L. Barber, retired.
 Raymond J. Hruska, West, Tex., in place of J. D. Wilkinson, removed.

UTAH

Howard D. Knight, Parowan, Utah, in place of Ivan Decker, removed.

VIRGINIA

George P. Grindstaff, Damascus, Va., in place of W. C. Mock, deceased.
 Virginia B. German, Dunn Loring, Va., in place of J. J. Meyer, removed.
 Charles W. Harris, Jr., Fairfax, Va., in place of S. S. Swart, retired.
 Inez P. Richardson, Fentress, Va., in place of A. L. Humphries, resigned.
 Jo Pierson Horne, Fort Blackmore, Va., in place of E. C. Turner, resigned.

Wilmer J. Whitaker, Fries, Va., in place of G. K. Fielder, retired.
 William C. Deming, Front Royal, Va., in place of A. O. Haley, retired.
 Harry G. Penley, Gate City, Va., in place of H. B. Quillen, Jr., resigned.
 Virginia G. Kiser, Grundy, Va., in place of P. V. Dennis, Jr., resigned.
 Joseph F. Downing, Jr., Keller, Va., in place of C. W. Bradford, deceased.
 William N. Legard, Marshall, Va., in place of H. H. Russell, retired.
 Claude A. Helsey, Mauertown, Va., in place of Roy Hockman, retired.
 Thelma E. Addington, Nickelsville, Va., in place of R. L. McConnell, retired.
 Tecumseh S. Dalton, Pulaski, Va., in place of E. P. Whitman, retired.
 James E. Brunner, Riner, Va., in place of G. J. Akers, retired.
 James L. Whitlow, Sandston, Va., in place of R. H. Woodall, retired.
 Joseph E. Bell, Smithfield, Va., in place of V. W. Joyner, deceased.
 Roy M. Cleek, Warm Springs, Va., in place of W. G. Cleek, resigned.
 Christine D. James, Waterford, Va., in place of J. J. James, deceased.

VIRGIN ISLANDS

Charles E. Clarke, Frederiksted, V.I., in place of Adele Berg, resigned.

WASHINGTON

Harvey L. Jones, Tacoma, Wash., in place of G. P. Fishburne, retired.

WEST VIRGINIA

Mary Virginia Earman, Harpers Ferry, W. Va., in place of M. E. Marquette, retired.
 Dillard R. Walker, Stanaford, W. Va., in place of W. L. Warden, resigned.

WISCONSIN

Inez Myrtle Rautio, Amberg, Wis., in place of A. S. Port, retired.
 Roy L. Fergot, Edgar, Wis., in place of F. J. Shortner, retired.
 Matilda J. Loden, Granville, Wis., in place of H. M. Pfeil, resigned.
 Richard C. Coffen, Lake Tomahawk, Wis., in place of E. L. Saykally, deceased.
 Stanley I. Andersen, Loretta, Wis., in place of Jennie Ruid, retired.
 John C. Pribnow, Loyal, Wis., in place of L. M. Meyer, deceased.
 Shirleigh L. Collins, Melrose, Wis., in place of E. D. Young, resigned.
 Robert C. Herman, Thorp, Wis., in place of W. S. Wagner, retired.

WYOMING

George W. Nichols, Big Piney, Wyo., in place of G. L. Barp, resigned.

HOUSE OF REPRESENTATIVES

WEDNESDAY, FEBRUARY 4, 1959

The House met at 12 o'clock noon.

The Reverend Arthur E. Paterson, of Middletown, Conn., offered the following prayer:

O God eternal and infinite, who in the midst of all things transitory art ever the same our Heavenly Father; do Thou, we pray, for this day, at this its beginning, throughout its hours and at its ending, be the guide of our thinking, our words, and our action.

We ask Thy blessing upon the President of the United States, its Congress and its courts, and upon men of good will throughout this Nation.

When this day questions arise enlisting our concern, give us grace at every point first to listen inwardly for Thine

answer and for Thy direction; that on this floor, in committee room, or elsewhere, we may ever be stalwart in safeguarding and confirming the principles of right, justice, and charity toward all men in all parts of this beloved land.

This we ask through Jesus Christ our Lord, whose leadership we desire with longing hearts in a perplexed and ever-changing world. Amen.

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

COMMITTEE ON EDUCATION AND LABOR

The SPEAKER. The Chair recognizes the gentleman from Texas [Mr. THORNBERRY].

Mr. THORNBERRY. Mr. Speaker, by direction of the Committee on Rules, I call up a privileged resolution (H. Res. 147) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That the Committee on Education and Labor, effective from January 3, 1959, acting as a whole or by subcommittee, is authorized to conduct a full and complete study and investigation relating to all matters coming within the jurisdiction of the committee: *Provided*, That the committee shall not undertake any investigation of any subject which is being investigated by any other committee of the House.

For the purposes of such investigations and studies the committee, or any subcommittee thereof, is authorized to sit and act during the present Congress at such times and places within the United States, whether the House has recessed, or has adjourned, to hold such hearings, and to require by subpoena or otherwise the attendance and testimony of such witnesses and the production of such books, records, correspondence, memorandums, papers, and documents, as it deems necessary. Subpenas shall be issued only over the signature of the chairman of the committee or a member of the committee designated by him; they may be served by any person designated by such chairman or member. The chairman of the committee or any member thereof may administer oaths to witnesses.

The committee may report to the House of Representatives from time to time during the present Congress the results of its studies and investigations, with such recommendations for legislation or otherwise as the committee deems desirable. Any report submitted when the House is not in session shall be filed with the Clerk of the House.

Mr. THORNBERRY. Mr. Speaker, as the reading of the resolution indicates, this is the usual resolution giving to the Committee on Education and Labor authority to conduct investigations within its jurisdiction. I have no requests for time.

I yield to the gentleman from Idaho [Mr. BUDGE].

Mr. BUDGE. Mr. Speaker, I know of no objection to the adoption of the resolution. I have no requests for time.

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

SELECT COMMITTEE ON SMALL BUSINESS

Mr. THORNBERRY. Mr. Speaker, by direction of the Committee on Rules, I

call up a privileged resolution (H. Res. 51) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That, effective January 4, 1959, there is hereby created a select committee to be composed of fifteen Members of the House of Representatives to be appointed by the Speaker, one of whom he shall designate as chairman. Any vacancy occurring in the membership of the committee shall be filled in the manner in which the original appointment was made.

Sec. 2. It shall be the duty of such committee to conduct studies and investigations of the problems of all types of small business, existing, arising, or that may arise, with particular reference to (1) the factors which have impeded or may impede the normal operations, growth, and development of the potentialities thereof; (2) the administration of Federal laws relating specifically to small business to determine whether such laws and their administration adequately serve the needs of small business; (3) whether Government agencies adequately serve and give due consideration to the problems of small business; and (4) to study and investigate problems of small business enterprises generally, and to obtain all facts possible in relation thereto which would not only be of public interest but which would aid the Congress in enacting remedial legislation: *Provided*, That the committee shall not invade any subject matter under active investigation by any standing committee of the House.

Sec. 3. The committee may from time to time submit to the House such preliminary reports as it deems advisable; and prior to the close of the present Congress shall submit to the House its final report on the results of its study and investigation, together with such recommendations as it deems advisable. Any report submitted when the House is not in session may be filed with the Clerk of the House.

Sec. 4. For the purposes of this resolution the committee, or any subcommittee thereof, is authorized to sit and act during the present Congress at such times and places within the United States, whether or not the House has recessed, or has adjourned, to hold such hearings, to require the attendance of such witnesses and the production of such books, papers, and documents, and to take such testimony, as it deems necessary. Subpenas may be issued under the signature of the chairman of the committee or any properly designated chairman of a subcommittee, or any member designated by him, and may be served by any person designated by such chairman or member. The chairman of the committee or any member thereof may administer oaths to witnesses.

Sec. 5. The majority of the members of the committee shall constitute a quorum for the transaction of business, except two or more shall constitute a quorum for the purpose of taking of evidence including sworn testimony.

With the following committee amendments:

Page 1, line 1, change "4" to "3."

Page 1, line 2, strike out the word "fifteen" and insert "thirteen."

Page 1, line 4, after the word "Speaker," insert "seven from the majority party and six from the minority party."

Page 1, line 8, strike out "It shall be the duty of such committee" and insert "The select committee is authorized."

Page 2, line 10, change the colon to a period.

Page 2, line 10 through line 13, strike the following: "*Provided*, That the committee shall not invade any subject matter under active investigation by any standing com-

mittee of the House," and insert the following: "*Provided*, That the committee shall not undertake any investigation of any subject which is being investigated by any other committee of the House."

Mr. THORNBERRY. Mr. Speaker, as a reading of the resolution and the committee amendments indicate, this is the usual resolution creating a Select Committee on Small Business.

The resolution called for a membership of 15 Members to be appointed by the Speaker; but the committee has offered an amendment to the resolution which will authorize the Speaker to appoint 13 Members, 7 of the majority party and 6 of the minority party.

This is a committee of the House that has done an important job for the small businessmen of the Nation.

I know of no objection to the resolution on this side of the aisle.

Mr. BUDGE. Mr. Speaker, this resolution was adopted unanimously. I know of no objection and I have no requests for time on this side.

The SPEAKER. The question is on the committee amendments.

The committee amendments were agreed to.

The SPEAKER. The question is on the resolution.

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

A UNIVERSITY OF THE AMERICAS

Mr. HEMPHILL. 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 South Carolina?

There was no objection.

Mr. HEMPHILL. Mr. Speaker, today I have introduced a joint resolution to provide for a study of the possibility and desirability of establishing a university of the Americas. This bill is identical with House Joint Resolution 1, introduced by the Honorable HALE BOGGS, of Louisiana, whose leadership and judgment in matters affecting the Western Hemisphere is recognized and appreciated by all who study the relations of our own country with our friends and neighbors of Central and South America.

It is my opinion that we have long neglected the friendship of our Western Hemisphere brothers, to favor others whose friendship in many instances has been, to say the least, questionable. Many of our Latin American friends have expressed such an opinion.

This legislation would go far in promoting our mutual interests, and facilitating understanding beyond that which presently exists. It would supplement, if enacted, the Pan American Union and other efforts toward joint and mutual contribution toward a better tomorrow.

The cost is negligible compared to the prospective benefits. A study would yield much information of value.

Our new world is a world of new culture, happy culture, so well expressed in the music and song, as well as the poetry, of our friends and neighbors to the south. I do not believe they know that

most of us appreciate them as much as we do.

I strongly urge the passage of this legislation.

**DEBBIE QUINN, LA PORTE, IND.,
AMERICA'S VALENTINE GIRL FOR
1959**

Mr. BRADEMAS. 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 Indiana?

There was no objection.

Mr. BRADEMAS. Mr. Speaker, it is a great honor for me to call the attention of my colleagues in the House to a young and lovely little girl now watching these proceedings from the gallery.

She is 6-year-old Debbie Quinn, of La Porte, Ind., a city in the district I represent. As you see Debbie now, she is the picture of health and energy. Yet Debbie was born with four serious heart defects, including a hole the size of a quarter between the heart ventricles.

But thanks to the dedication and skill of Dr. C. Walton Lillehei of the University of Minnesota Heart Hospital, her heart was repaired and as Debbie says "It's as good as new." The operation Dr. Lillehei performed took 7½ hours. During that time the functions of Debbie's heart and lungs were taken over by a newly developed machine, to leave the heart free for the surgeon's work.

Debbie, with her parents and brother, Bobby, is visiting us today as America's Valentine Girl for 1959, an honor which was bestowed upon her yesterday at the White House by Mrs. Eisenhower. She has been chosen as a symbol of hope for heart victims everywhere by the American Heart Association.

The fact that Debbie, whose heart defects would have been incurable 10 years ago, is here with us today demonstrates that the Heart Association is deserving of support in its battle against crippling heart ailments.

I should also like to pay tribute to Debbie's parents, Mr. and Mrs. James Quinn, whose courage, love, and devotion have helped their daughter win her battle for a normal and healthful life.

AREA ECONOMIC REDEVELOPMENT

Mr. WAMPLER. 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 Indiana?

There was no objection.

Mr. WAMPLER. Mr. Speaker, because I feel quite strongly that the many areas in the United States that are suffering from substantial and persistent unemployment and underemployment, in many instances, of a tragically prolonged period, must have Federal assistance to overcome their economic redevelopment problems, I have introduced today a measure calling for the establishment of an Area Redevelopment Administration.

My bill, which is identical to the area redevelopment measure introduced by Senator DOUGLAS, of Illinois, for himself and 38 cosponsors and by Members of this body, is substantially the same as a similar measure passed by the 85th Congress, only to be vetoed by President Eisenhower.

Under the terms of the bill, Mr. Speaker, Federal loans would be authorized totaling \$300 million and grants totaling \$75 million to go to qualified areas of chronic unemployment and underemployment, both industrial and rural. Four and a half million dollars for technical aid to redevelopment areas would also be made available. Loans made from the two \$100 million revolving funds—one for industrial projects in industrial redevelopment areas and the other for industrial projects in rural redevelopment areas—are to be for a 30-year period. Loans made from the third \$100 million revolving fund, established to improve and develop depressed area community facilities so as to enhance the opportunities in the area for the attraction or expansion of industrial or commercial plants and facilities, will run for 40 years. Loans made will bear interest at the rate of one-half of 1 percent above the Treasury's borrowing cost.

I have information, Mr. Speaker, to the effect that in the State of Indiana, alone, there are six labor market surplus areas suffering from chronic economic distress and would therefore be eligible for assistance; they are Evansville, Terre Haute, Michigan City-La Porte, Muncie, Richmond, and Vincennes. In July of 1956 these 6 areas had a population of between 550,000 and 600,000, or approximately 13 percent of the State's total.

In addition, I am informed that in the Sixth District of Indiana, the city of Terre Haute and surrounding area, 1 of Indiana's 2 major economically distressed areas, with a 1956 population of 105,000 has been a labor-surplus area almost continuously since World War I; that its depressed status is attributable to long-term declines in manufacturing, coal mining, and supporting trade and service activities; and, that unemployment exceeded 9 percent of the labor force from 1954 through the middle of 1957.

As late as January 1958, Terre Haute's unemployment level was at 9 percent, with 4,200 of the 44,900 labor force out of work.

Mr. Speaker, I wish to express my unqualified support for this and all similar measures introduced by Members of both bodies, from both sides of the aisle. These distressed communities in Indiana and elsewhere in the country are in dire need of assistance if they are to regain their economic health and thereby be in a position to contribute materially to our Nation's industrial strength.

PROVIDING ADDITIONAL FUNDS FOR DIRECT LOANS TO VETER- ANS

Mr. MADDEN. Mr. Speaker, by direction of the Committee on Rules, I call

up House Resolution 154 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 2256) to amend chapter 37 of title 38, United States Code, to provide additional funds for direct loans; to remove certain requirements with respect to the rate of interest on guaranteed loans; and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed two hours to be equally divided and controlled by the chairman and ranking minority member of the Committee on Veterans' Affairs, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

CALL OF THE HOUSE

Mr. TABER. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer their names:

[Roll No. 3]		
Barrett	Fogarty	Passman
Buckley	Green, Pa.	Powell
Bush	Hagen	Preston
Carnahan	Jackson	Reed
Carter	Jensen	Scott
Chelf	Keith	Shelley
Cook	Landrum	Shipley
Curtis, Mo.	Lennon	Smith, Calif.
Davis, Tenn.	Levering	Taylor
Dawson	Martin	Whitener
Dixon	Meador	Withrow
Donohue	Miller, N.Y.	Zelenko
Farbstein	Murray	

The SPEAKER. On this rollcall 390 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

PROVIDING ADDITIONAL FUNDS FOR DIRECT LOANS TO VETER- ANS

Mr. MADDEN. Mr. Speaker, House Resolution 154 makes in order the consideration of H.R. 2256, the veterans' housing bill. The resolution provides for an open rule and 2 hours of general debate on the bill.

The bill is designed to provide additional funds for direct loans to veterans and to increase the ceiling on the interest rate for veterans' loans.

First. The direct loan program was created because the guaranteed loan program was not providing an equitable opportunity for all veterans to obtain a home loan. The guaranteed loan program functioned in metropolitan areas but has been of little benefit to veterans

living in small cities and towns and rural areas.

Second. There has been such a heavy demand for this type of loan that the funds previously provided have been seriously depleted, and as of April 1958 there were over 13,000 veterans on the waiting list for direct loans. As of November 1, 1958, over 43,000 veterans were on the direct loan waiting list.

Third. The current rate of interest has been too low to attract lenders to make loans under the guaranteed loan plan.

Fourth. The bill provides for a fund of \$300 million for direct loans and increases the ceiling on the rate of interest for all loans from the present 4 3/4 percent to 5 1/4 percent.

There appears to be a very great need for enactment of this legislation in order to take care of those veterans, particularly in the rural areas, who cannot obtain the funds under the guaranteed loan plan.

I urge the adoption of House Resolution 154.

Mr. Speaker, I yield 30 minutes of my time to the gentleman from Idaho [Mr. BUDGE] and reserve the balance of my time.

Mr. BUDGE. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, while I do not appear here in opposition to the adoption of the rule because I feel this matter should be fully debated, there are three things which should be called to the attention of the membership of the House in connection with this legislation.

First, within the first 30 days, at the very beginning of this Congress, we are called upon to vote on a proposition to exceed the President's budget by \$300 million.

Second, the procedure called for in this legislation, whereby a direct pipeline is made into the United States Treasury to obtain the \$300 million, is without even the consideration of one of the great committees of this House; namely, the Committee on Appropriations. I feel it is not only improper, but I think it is also unconstitutional to appropriate money in this fashion.

There is one other element involved. If we adopt this type of legislation, the House could very well end up in a situation where it loses its prerogative of starting appropriation bills. The other body has, in the past, successfully used this device by making a direct pipeline approach into the Treasury, and I know that, if we follow it in this body, we can certainly expect it from the other side of the Capitol.

Mr. Speaker, those three things, I think, should be borne in mind, and I believe each one of us should take a very close look before, this early in the session, for this purpose, and in this manner, we exceed the President's budget by \$300 million.

Mr. Speaker, I now yield 5 minutes to the gentleman from Illinois [Mr. ALLEN].

Mr. ALLEN. Mr. Speaker, as the gentleman from Idaho has stated, this bill, if enacted, rejects the President's plea for a balanced budget. Bear that in mind. This is the first bill to be taken up in the Congress of the United States.

It starts right off, I repeat, by rejecting the President's plea for a balanced budget.

Mr. Speaker, this bill authorizes \$300 million for direct loans to veterans in the field of housing. At the present time and under the present law there is now \$192 million available to be used for that purpose.

Now, the other body also, Mr. Speaker, has rejected the President's plea for a balanced budget. Last Friday the Committee on Banking and Currency of that body favorably reported—and it is now before the other body—the omnibus housing bill which authorizes appropriations in the amount of \$2,925 million. The administration housing bill provides for but \$1,650 million. Thus the housing bill in the other body goes over the President's budget by over \$1.3 billion.

Now, Mr. Speaker, we have been in session here about a month. These are the only two bills that have been before the Congress. Here we come with these two bills amounting to over \$1.5 billion over the President's budget.

Now, how can we possibly talk about having a balanced budget when there are going to be scores and scores of other bills; when the first two bills that we have go over the President's recommendations for a balanced budget by \$1.5 billion?

Since the November elections, Mr. Speaker, we have continually read in the press that this is going to be a radical Congress; that it would not have any financial responsibility whatsoever. And, I am saying now, with these first two bills coming before the Congress which exceed the President's budget by \$1.5 billion, that we are rejecting his plea for a sound, stable fiscal policy. I just cannot be for this sort of thing.

Mr. MADDEN. Mr. Speaker, I yield 10 minutes to the gentleman from Virginia [Mr. GARY].

Mr. GARY. Mr. Speaker, I want it understood that I am not opposing this rule nor am I opposing this bill. I do, however, want to call attention to one thing which appears in this bill which illustrates a growing menace to our entire fiscal situation. That is the so-called back-door approach to the U.S. Treasury.

Mr. Speaker, we are supposed to have very definite rules with reference to handling our fiscal matters. There has been a tendency in recent years, however, to bypass the Congress, to bypass the regular appropriation processes, and to give various agencies of the Government the authority to borrow directly from the U.S. Treasury, and to grant contract authority for these agencies to obligate and spend money without the annual supervision and review by the Congress over such spending.

Let me show you just exactly to what extent this has progressed. In the 2d session of the 85th Congress there were bills, originated by and passed by the Senate, which bypassed the regular appropriation processes, amounting to \$9,110,196,000 which involved the use of the so-called public debt transaction or contract authority devices.

There were bills passed in the House, and most of those were these Senate bills,

involving the same devices, totaling \$4,575,196,000.

There were enacted into law bills—other than appropriation bills—carrying those devices totaling \$4,164,196,000, and those bills exceeded the President's budget requests by a net amount of \$149,196,000. I have in my hand a list of those bills. There is a total of 16 bills, and 12 of them originated in the Senate.

It has been the unvarying practice from the beginning that appropriation bills originate in the House of Representatives. These are appropriation bills. Why do I say so? I do not ask you to take my word for it. All I ask you to do is look at the Constitution of the United States, which states:

No money shall be drawn from the Treasury but in consequence of appropriations made by law.

These bills do draw large sums from the Treasury of the United States; therefore, they are appropriation bills.

If they are not appropriation bills the money is being withdrawn from the Treasury contrary to the provisions of the Constitution. That, it seems to me, is the inescapable fact. Although they are appropriation bills they are not being handled as such.

Do you know there will be submitted in the near future, according to the recent budget message, supplemental appropriations requests for fiscal year 1959, which ends June 30, totaling \$8,715 million, and, of that amount, \$5,375 million involves this principle of the back-door approach to the Treasury of the United States? In other words, less than half of that tremendous sum would normally go through the regular annual appropriations process if we continue to follow these improper and diffused procedures. And there are more such items proposed for the coming fiscal year 1960. I include the following table:

Some idea of the current dimensions of by-passes of the regular appropriations process (public debt and contract authorities)

1. In the 2d sess., 85th Cong.:	
(a) Total of Senate passed bills.....	\$9, 110, 196, 000
(b) Total of House passed bills (excludes some from committees which were defeated on floor).....	4, 575, 196, 000
(c) Total amount enacted (excludes \$437 million airport bill passed but vetoed).....	4, 164, 196, 000
(d) Final enactments exceeded the budget requests by net amount of.....	+149, 196, 000
2. Proposed supplementals for fiscal 1959 to be submitted to the present session (6 propositions).....	5, 375, 000, 000
3. Amounts in 1960 budget (and for 1960) which would also be processed outside the regular appropriations procedure:	
(a) Requiring action this session:	
Airport construction.....	65, 000, 000
Urban renewal capital grants.....	250, 000, 000
	<hr/>
	315, 000, 000

Some idea of the current dimensions of by-passes of the regular appropriations process (public debt and contract authorities)—Continued

3. Amounts in 1960 budget, etc.—Continued	
(b) Not requiring action because they will become available in 1960 under previous "bypassing" laws:	
VA direct loans.....	150,000,000
Farm tenant mortgage insurance fund.....	30,000,000
Maritime staff.....	2,696,000
Public health.....	510,000
Roads, Indians.....	12,620,000
Roads, Park Service.....	34,000,000
Total for 1960—budget requests.....	
	544,826,000

NOTE.—Of course, these are budget figures. If legislative committees greatly exceed them on such things as housing, depressed areas, airports, etc., the totals will be much bigger.

Now you say: What harm is done? What is the effect of it? Well, the effect is just this: You do not have an adequate review by the Congress of the funds that are being spent by the Government agencies. It is taking the control of these funds away from the Congress of the United States. I am certain every Member of this House has heard many speeches about Congress losing control of the purse. This is probably the single most important way it is being lost.

The Congress, for example, authorizes an agency to borrow \$2 billion directly from the Treasury for certain expenditure purposes. There is no provision for regular annual review as to how that money is spent. So long as that condition exists, the Congress of the United States is not discharging its duty. With our duty to appropriate money comes the responsibility of seeing that the money appropriated is properly spent—and the proper and time-honored way is the annual appropriations process.

I think one of the smartest things—just as an illustration—that this Congress ever did was with reference to foreign aid. I have had the privilege of serving on the subcommittee of the Committee on Appropriations that has handled that particular appropriation since its inception, and it was my privilege for a long time to be chairman of that subcommittee—when we started the foreign aid program there was a suggestion that a general authorization be given. But, the Congress said, "No—a program of this kind should be reviewed annually. In that way we can control the program and check on it every year." Therefore, the Congress provided for a double review annually, because it required an annual authorization. Every year the administration has had to come before this body; go first to the Committee on Foreign Affairs for an authorization for the appropriation of funds for the next fiscal year and then, after Congress acts on that, the administration has to request an appropriation and go before the Committee on Appropriations to justify the request. I want to say to you that this process alone has saved this Nation billions of dollars, and at the same time has provided adequate funds for the foreign aid program. We

have had adequate programs and, at the same time, they have been under the strict annual—I want to stress annual—review of the Congress.

In my judgment, one of the greatest problems facing this Nation today is our fiscal situation. I know the menace from abroad. I know that we are facing one of the most ruthless enemies that the world has ever known. I know that we have to make expensive provision for our national defense, but let us understand thoroughly that a sound fiscal policy is a vital and essential part of our national defense, because a bankrupt nation cannot defend itself.

I would not say that this Nation is near bankruptcy, but I do say to you that we have a situation whereby we are spending tremendous sums of money every year. I have those figures before me. During the last 6 calendar years we have collected \$444 billion in taxes from our people. Notwithstanding that fact, our Federal debt has increased alarmingly. We are facing in the current fiscal year a deficit of \$12,900,000,000. We talk about a balanced budget for next year. But the facts are that if we do not watch out, we are going to face a deficit again next year. If we cannot balance our budget in these times of prosperity, what will we do when we face times of adversity? We as Members of Congress should assume our responsibility and properly review appropriations before they are enacted. We can't balance the budget when we have no control over backdoor spending. We must see that appropriation bills are properly handled, that all funds are handled according to the proper appropriation process, and that what money we do spend is properly spent and that no more is spent than is absolutely essential. The time-honored way, the time-tested way has been the annual congressional appropriations review. Let us follow the Constitution and get this business of handling appropriations back on the right track.

The SPEAKER pro tempore. The time of the gentleman from Virginia [Mr. GARY] has expired.

Mr. BUDGE. Mr. Speaker, I yield 10 minutes to the distinguished gentleman from Indiana, the minority leader [Mr. HALLECK].

Mr. HALLECK. Mr. Speaker, the gentleman from Virginia [Mr. GARY] knows of my great affection for him, but I must say the speech he has just made is the best speech that could possibly be made against the inclusion of the \$300 million in this bill which we do not need. I agree with him about the matter of fiscal responsibility, but there is a time to start, and right now is the time. I want the people of this country to know that we are in the minority, 283 as against 153, and you have got the votes to spend an additional \$300 million if you want to do it. But if I have my way the people of the country are going to know just who is doing it, and they are going to know the consequences that will follow from irresponsible action.

I might say to my friends that this seems to be the opening of the battle of the budget. Already the budget busters

are on the move. I am a little surprised to see my good friend the gentleman from Texas [Mr. TEAGUE] apparently in the forefront of the budget busters.

Mr. TEAGUE of Texas. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. Yes; I yield.

Mr. TEAGUE of Texas. Is it not true that the President asked that the interest rate on VA home loans be increased?

Mr. HALLECK. Yes.

Mr. TEAGUE of Texas. And is it not true that he said if there was a realistic interest rate it would take care of the veterans' housing problem?

Mr. HALLECK. Well, I only yielded for a brief question.

Mr. TEAGUE of Texas. I want to make one point. It has been said that if a realistic interest rate does take care of veterans' needs, VA does not have to draw any of this \$300 million. It is not mandatory. It is permissive. It will be up to the Administration. If private capital will do the job and liquidate the waiting list all of these funds will not be needed. If private lenders do not do the job with this interest rate increase, we will expect VA to use these direct loan funds.

The gentleman from Indiana has expressed surprise regarding my position on this bill to provide an opportunity for veterans in rural areas to obtain a home loan. I would like to say to the gentleman that I am equally surprised to see this issue being converted into a political football. Our committee has functioned on a nonpartisan basis. The adoption of the interest rate amendment was nonpartisan. The adoption of the amendment to add additional direct loan funds in the committee was nonpartisan and there were only two dissenting votes on the passage of the bill.

My committee was working to find a way to provide money for veterans to finance home loans. It surprises me that the gentleman from Indiana has not approached this bill in the same spirit. The gentleman's own district and State provide good examples of the needs for this legislation. The survey recently conducted by the committee shows that there are approximately 36,620 veterans residing in the gentleman's district and that the direct loan funds in the program at the present time were sufficient to provide only 15 direct loans in his district during the period April to December 1958.

There are five counties in the gentleman's district where not a single direct loan was made, yet there were 940 Indiana veterans on the direct loan waiting list in December 1958. The gentleman's district is quite similar to many of the rural areas throughout the Midwest and Southwest.

In 1956, after the veterans' housing program had operated 10 years, we checked every county in the United States. The following percentages of veterans in several of the counties in the gentleman's district had obtained loans:

County:	Percentage
Benton.....	11.8
Carroll.....	13.7
Fulton.....	14.8
Jasper.....	6.6
Kosciusko.....	15.6

County:	Percentage
Newton-----	17.8
Pulaski-----	12.9
Starke-----	8.7

These percentages compare to the national average of 25.2 of all veterans who had obtained a home loan at the time of the survey. The State of Indiana is below the national average, having an average of 23.5 use of eligibility. I have pointed out the counties which I have mentioned fall below both the State average and national average in the use of entitlement.

In view of the limited opportunity which veterans in Indiana have had to participate in the home loan program, it appears to me that the gentleman from Indiana would be joining with the committee in passing this bill rather than seeking to capitalize on it in a political way.

It seems to me that the gentleman from Indiana has chosen a poor example. As the gentleman knows the money used in this program is not lost to the Treasury of the United States. As a matter of fact, the direct loan program is showing a very nice return to the taxpayers even though it was not created primarily for that purpose. The program has returned \$45,578,552 in interest to the Treasury. The direct-loan program for World War II veterans is scheduled to expire in June 1960 and the program for Korean veterans is scheduled to expire in June 1965. After that time all repayments of principal and interest will revert to the Treasury and since veterans have a record of paying off their loans on an average of 10 years, it is apparent that the entire amount which has been authorized for direct loans will be soon returned to the Treasury with interest and there will be no resulting losses at all to the taxpayers. On the contrary, the program will show a net gain to the taxpayers running into the hundreds of millions of dollars by 1965.

Mr. HALLECK. I understand that the Administrator may draw the money at his discretion, but we have got a responsibility to meet right here. Rather than to vote the expenditure, why not go ahead with this realistic interest rate which will make it possible for private capital to do the job? Then if they cannot do the job they can come in and ask for more money. There will be close to \$200 million direct-loan money available to begin with.

Let me say with reference to deficit spending, already in three bills that have been started, the President's budget would be thrown out of balance about \$3 billion. And here you add on another \$300 million which I assume would not be voted if we did not expect to spend it.

Then, as the gentleman from Virginia [Mr. GARY] said, continued deficit spending means further inflation—ruinous inflation.

We on our side are going to do our best to hold down the increase in the cost of living that the housewife has to pay. We are going to fight the dissipation of the value of savings, of the people who have put their money in dollar investments; yes, and the retirement pay and disability pay of the veterans themselves.

Actually there is no need for this additional \$300 million. I am going to support the rule. An amendment will be offered to strike out the \$300 million, and I shall support it.

I would like to interject that I am a little surprised, but not too much, at the great haste with which this bill has been brought to the floor and was brought out of the committee. I have picked up a little information this morning, that even the members of the committee are not familiar with what the necessities are. I suppose it was a move based on the supposition that our existing fiscal responsibility would be embarrassed by having to vote on a bill like this, labeled as the first veterans' bill. Now, you are not going to embarrass me. I do not know how many more I can speak for, but it is not going to embarrass me to support an amendment to strike out the \$300 million because I know that amendment ought to be adopted.

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

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

Mr. AYRES. I think it should be pointed out that although this is known as a veterans' housing bill, this bill does not apply to any veterans living in a metropolitan area; this bill applies only to veterans in remote rural areas.

Mr. HALLECK. Of course. I cannot yield further at the moment. I want to respond to that, because that was a primary purpose for which this program was developed. The necessity in that respect is all eliminated. Day after day after day last year we had a general housing bill under consideration and we heard the dire predictions of the gentlemen on the Democratic side who said that if we did not pass that bill housing would just stop in this country, but the fact is that there were more housing starts in 1958 than in any other year but one.

The new housing starts in December of 1958 projected on an annual basis reached an alltime high, and it was 1,400,000 per year. So you see actually those dire predictions did not come to pass.

I say this program of \$300 million is not necessary. It is not necessary because there will be available almost \$200 million: \$150 million authorized in legislation now on the books; \$42 million out of principal payments, and between \$3 and \$4 million that will come from the sale of some of these properties.

I would like to point out to you one other proposition to establish, I hope to the satisfaction of everyone on my side of the aisle, and I hope some on the other who may be concerned about what might happen if this \$300 million is not provided, that needs are being met.

For slightly over a year now, the Federal Housing Administration has been conducting the certified agency program on an experimental basis. This program makes the benefits of FHA financing available to veterans and others in rural areas and smaller towns that are distant from FHA insuring offices. There has been close cooperation with the voluntary home mortgage

credit program which is also helpful to veterans in rural areas, in this effort.

In the certified agency program, greater responsibility is delegated to the financial institution that originates the application. With the cooperation of fee appraisers and inspectors, qualified and assigned by the FHA, the lender processes the loan to closing. By this system FHA maintains established standards of credit analysis, appraisal and inspection as it extends its usefulness to home buyers that are in less accessible areas.

In January 1958 CAP was just getting started and only one loan had been closed and two committed under this program. Progress during the year was steady and several new areas were added to the experiment as the year progressed. It promises to be a real force in providing financing for veterans.

Announcement has already been made of plans to extend CAP on a nationwide basis. The expansion will be subject to receipt of additional insurance authorization, careful training of agents, appraisers, and inspectors, and will be limited to towns of 20,000 population and less, in areas distant from the insuring offices and branches.

Reception to this program has been exceedingly good in the experimental areas and indications are that the program is effectively extending FHA into additional territories. As of December 31, 1958, 18,566 loans had been committed and 7,461 loans had been closed. Taking into account the very limited area and time of the program's operation, this is considered an excellent response and would indicate on the basis of an average mortgage loan of approximately \$10,000, a volume of approximately \$265 million either insured or committed.

I feel confident that the certified agency program is a sound concept which, so long as it is wisely administered, will result in many benefits to the home-buying public and especially to veterans in smaller communities and rural areas.

In other words, the FHA is developing a program that takes advantage of private capital through the guarantee of the amount and the loans are being made in that fashion. With that kind of a program moving at full speed ahead, utilizing as it does the processes of FHA, to which we all subscribe, why, may I ask you people who talk about fiscal responsibility, should we provide for the spending of \$300 million more and throw the President's budget way out of balance when you are going to have available for direct loans \$200 million, with a realistic interest rate, in which everyone who may reasonably be expected to get help in securing homes will be provided that help?

When it is offered, let us adopt the amendment to strike this \$300 million. Let us start out with a good word to the country that, having regard to the dangers and the perils of continued deficit financing and excessive spending, they can be assured we are going to stop deficit spending. We can only do that by exercising the sort of courage

that sometimes is mighty useful around certain places.

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

Mr. MADDEN. Mr. Speaker, I yield 7½ minutes to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Speaker, for the benefit of the new Members—the old Members are aware of the fact—may I say that this is the same argument we have at the beginning of each session of the Congress. Of course, the argument discounts the balancing of the budget of the American people, it discounts the protection to American people from floods. It seems that some of our Republican friends have taken the floor in recent days to talk about the floods that took place recently in Ohio. But each year we hear the same battle cry with a Republican President and a Democratic Congress.

What happened in recent years? In 1957 the President's budget message estimated the fiscal year 1958 receipts to be \$73,600 million and expenditures of \$71,800 million, or a surplus of \$1,800 million. The newspapers gave great importance to the balanced budget. That was the battle cry of the administration.

A year later, on January 13, 1958, the budget message receipts for the fiscal year 1958 were reestimated at \$72,400 million and expenditures at \$72,800 million, or a deficit of \$400 million.

The January 1959, budget showed the actual 1958 receipts at \$69,100 million and expenditures at \$71,900 million, or a deficit of \$2,800 million.

So the much advertised estimated surplus of \$1,800 million became a deficit of \$2,800 million, a difference of \$4,800 million.

The Congress during that session reduced the President's budget message; just the same as we reduced it in the 85th Congress, by over \$5,600 million.

Let us take the present fiscal year and see what the estimates are. We remember a year ago the same cry that there was a balanced budget, that the President had sent up a balanced budget. The January 13, 1958, President's budget estimate for fiscal year 1959 showed receipts of \$74,400 million and expenditures of \$73,900 million, or a surplus of \$500 million.

Again the argument was made about a balanced budget. However, the President's budget message of January 19, 1959, gave a corrected estimate of receipts of \$68 billion, expenditures \$80.9 billion, or a deficit of \$12.9 billion. Nearly a year ago the Joint Committee on Taxation of the Committee on Ways and Means, when the administration was telling the country there would be a surplus, estimated there would be a deficit of between \$11 billion and \$12 billion, despite the fact that in the last session of the Congress we reduced the President's budget estimate by \$617,242,723 and in the previous session we reduced the President's budget estimate by over \$5 billion. So, during the last Congress, the 85th Congress, there was a reduction in the President's budget estimates in 2 years of over \$5.6 billion. And, who is going to say that we will not reduce?

Who is going to say that the Congress will not reduce the President's budget estimate? That does not mean to say that we have to hew the line to what he recommends. We can use our own judgment. But, here in January they are making the same cry that they made in January of last year and in January of the year before of a balanced budget, when the administration itself, by its own act, unbalanced the budget in this fiscal year by \$12.9 billion.

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

Mr. McCORMACK. Of course, I yield—

Mr. HALLECK. I thank the gentleman.

Mr. McCORMACK. For a question.

Mr. HALLECK. I listened to the speech of the gentleman from Virginia [Mr. GARY] a little bit ago, and if I heard him correctly, it was that the supplemental appropriations for this current fiscal year would be something over \$8 billion, as I remember. Has the gentleman taken that into account in portraying the magnificent accomplishments of the 85th Congress in respect to balancing the budget?

Mr. McCORMACK. The difference of \$12.9 billion is on estimates given to the Congress by the President of the United States. The Congress itself, in the 85th Congress, reduced the President's budget estimate by \$5.6 billion. So, the Congress has reduced it. If there is any spending, it is a spending President and not a spending Congress.

Now let us come to the bill under consideration. This is not the first time that legislation of this type has come before the Congress. In 1950 there was direct housing loans by the Veterans' Administration for veterans. Furthermore, the Reconstruction Finance Corporation started through this method; the Federal Home Loan Banks started through this method; the Home Owners Loan Corporation the same way; the Federal Deposit Insurance Corporation; the Federal National Mortgage Association; the Rural Electrification Administration; Public Housing Administration; Commodity Credit Corporation. There is a long list of important progressive pieces of legislation that had to start through the employment of the method engaged in this bill. Those who are opposed to progressive legislation always take a position in opposition to certain provisions being included in any bill. If that opposition had prevailed, much of the progressive legislation of the past years now on the statute books would never have been enacted into law.

To me, the amazing thing is that some of those who come down here now and who will come down here when public housing comes up and who are opposed to the provisions of that bill are the loudest in demanding that the same provisions be included in the Commodity Credit Corporation bill, be included in connection with agriculture. I supported them on that occasion, but they talk one way when a bill affects them and they talk another way when a bill affects another part of our country.

Mr. BUDGE. Mr. Speaker, I yield 10 minutes to the gentleman from Michigan [Mr. FORD].

Mr. FORD. Mr. Speaker, my original intent is to discuss the general overall problem presented by the distinguished gentleman from Virginia [Mr. GARY], because I feel that the problem he sets forth is one that is of major seriousness and consequence to the country and a matter that this Congress should meet head on.

As the gentleman from Virginia indicated, there is a provision in this legislation which is another attempt by a back-door means and method to have an adverse impact on the Federal Treasury. I refer specifically to that portion of the bill on page 1, beginning in line 5, as follows:

In addition to the sums authorized in this subsection, the Secretary of the Treasury shall also advance to the Administrator such additional sums, not in excess of \$300 million as the Administrator may request, and the sums so advanced shall be made available without regard to any limitation contained in this subsection with respect to the amount which may be advanced in any one quarter annual period.

That particular language is an amendment to the basic act. On page 3 of the committee report you will find the basic legislation in toto, with the language I have just read included in its appropriate place.

If you read this language on page 30 of the committee report I think you will come to the same conclusion that the gentleman from Virginia [Mr. GARY], others, and I have come to, that this is a very unsound, unwise method of making funds available to the various agencies of our Government. First, I join with the gentleman from Virginia in the conclusion that this particular funding method is basically unconstitutional. Secondly, it takes from this body, the House of Representatives, its prerogative to have original review of appropriation proposals, or spending bills. Thirdly, I think this approach is fundamentally fiscally irresponsible.

I think the gentleman from Virginia [Mr. GARY] pointed out, but if he did not, it should be pointed out that in the last session of Congress there were some 16 legislative proposals that had provisions similar in effect to this one. Twelve of those bills originated in the other body, and only 4 in this body. We in the House should object to this situation as a limitation on our constitutional and traditional prerogative.

Mr. TABER. Mr. Speaker, will the gentleman yield for a question?

Mr. FORD. I would be very glad to yield to the gentleman from New York.

Mr. TABER. The gentleman from Massachusetts was correct, as far as he went, when he told about the reductions that were made by the 85th Congress through the regular appropriations process, but he did not tell about the nearly \$4 billion increase over the budget request which was also enacted by the same 85th Congress, where the money went out of the Treasury through these back-door provisions in legislative bills outside the appropriations process. That

means that the savings through cutting the appropriations estimates in the regular appropriations bills were substantially wiped out by the increase in the back-door withdrawals. The back-door withdrawals are the things we have before us right now and that will bankrupt the United States.

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

Mr. FORD. I am glad to yield to the gentleman.

Mr. GARY. It not only means that the savings were wiped out, but it means that any opportunity for savings was wiped out because there was no review allowing us an opportunity for savings in those bills.

Mr. FORD. I wholeheartedly agree with the observations of the gentleman from New York and those of the gentleman from Virginia [Mr. GARY].

As I was about to say, the other body in 12 instances in the last session of the Congress, in effect, originated appropriation bills. According to the Constitution, and interpretations of the Constitution, that is an inappropriate action for them to take, and it seems to me that we, in this body, should be jealous of our responsibilities and our obligations in this area. We should prevent now and in the future the inclusion of such language in all bills that originate in this body or in the other body.

I would like to emphasize the point that, in my judgment, this kind of provision is fiscally irresponsible. The gentleman from Massachusetts has pointed out that in the first session of the 85th Congress, the House and Senate by the recommendations of their respective committees on appropriations reduced the new obligational authority requested by the President to the extent of slightly over \$5 billion. However, the distinguished gentleman from Massachusetts failed to point out that in the same session of the Congress the House and Senate increased the President's request for the right to obligate by this back-door method over \$2,700 million. Those facts and figures are pointed out on page 80 and 81 of hearings on the 1960 budget which were just concluded by the House Committee on Appropriations.

As a matter of fact, by this back-door method in the first session of the 85th Congress, the President recommended legislation which would have made available \$3,168,905,000, but the Congress by this irresponsible method upped that availability to \$5,807,751,000, increasing the President's budget in this area by over \$2.7 billion. In the second session of the 85th Congress, the House and Senate reduced the new obligational authority through the Appropriations Committees by the sum of \$617 million. But, on the other hand, in the last session of the Congress by this back-door method, the House and Senate went beyond the President's budget and, in effect, increased the availability of obligational authority.

In my judgment and in my opinion, we should stop this kind of funding, that I indicated in the language on page 1 of the bill. I am convinced that if we strike that language in this bill and in

subsequent bills, we will get a higher degree of fiscal responsibility.

Let me point out again in another way what I mean. All of you have or should have a copy of the Federal Budget in Brief. If you will turn to page 55 of that document, you will find this language:

In 1953 unexpended balances carried forward at the end of the year from appropriations was \$78.4 billion.

By constant pressure from the Congress those unexpended balances in a period of about 8 years have been reduced to \$41.5 billion. In other words, in 1953 the unexpended balance was \$78.4 billion. At the end of fiscal 1960 it is estimated it will be \$41.5 billion. That is a reduction in unexpended balances of approximately \$37 billion. To me that shows that the Congress in the regular appropriation processes has done a good job and was able to get a higher degree of fiscal responsibility.

If you will go down to a line below in this same chart you will find this, "From other authorizations, authorizations to spend from debt receipts"—that is the process and procedure which is in this paragraph—you will find that at the end of fiscal 1953 the unexpended balance in this category totaled \$20.2 billion. If you will go across the page you will find at the end of fiscal 1959 the unexpended balance in this category will probably go up to \$26 billion, an increase of \$5.8 billion.

I am only seeking to illustrate that when we use this faulty method of financing the Congress loses fiscal control, the Congress loses the ability to intelligently scan, item by item, the requests for expenditure. When we do that we find that the unexpended balances increase. That is a condition which we should not condone. One way to stop it is to eliminate this kind of provision in this bill or in any other bill. Then we can return to the kind of control which has brought a reduction in unexpended balances from appropriation, from \$78.4 billion down to \$41.5 billion over the same period of time.

It is my judgment that this legislation, with this kind of provision in it, is unsound, unwise and fiscally irresponsible, and I hope and trust it is defeated if this provision is retained.

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

Mr. FORD. I yield.

Mr. ARENDS. I just want to say that I agree entirely with the position which the gentleman takes. Further I would like to say to the House that some years ago there was a Member from Pennsylvania, Mr. Rich, with whom many of the older Members had the privilege of serving, who always asked the \$64,000 question which should be in the minds of everybody today: "Where are you going to get the money?"

The SPEAKER pro tempore (Mr. ROONEY). The time of the gentleman from Michigan has expired.

Mr. BUDGE. Mr. Speaker, I yield the remaining time to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, why did the Founding Fathers in the Constitution provide that no funds should be withdrawn from the Treasury except by appropriation made by the Congress?

This was the reason: They knew that bureaucratic control and bureaucratic management was irresponsible and that the people could not be protected from the bureaucrats except by requiring that the money that was withdrawn from the Treasury must be withdrawn on appropriations made by the Congress.

I ran into a story yesterday that made me realize just how irresponsible bureaucrats are. They were going to build a six-room schoolhouse for Indian children. That was fine; but what do you suppose they brought in for architects and engineers' fees for that job? Two hundred and thirty thousand dollars—almost half enough to build the schoolhouse.

Are we going to continue to allow the bureaucrats to fritter away money forever? The only salvation for the United States is the control by Congress of the right to appropriate money, and unless we preserve that right and maintain our liberties in that field, we are gone.

Let us not be fooled into voting for something we know is wrong and is the wrong way to do it.

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

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

Mr. HOFFMAN of Michigan. What is the use of having the gentleman's committee, the Appropriations Committee, if we adopt this kind of procedure?

Mr. TABER. It is gradually growing bigger and bigger, and the waste is becoming worse and worse. That is why, as I understand, the gentleman from Virginia offered an amendment to the rules of the House which would correct this situation. I hope we will meet our responsibility and not let any more money flow out of the Treasury by the back door.

Mr. MADDEN. Mr. Speaker, I yield the balance of my time to the gentleman from Virginia [Mr. SMITH].

Mr. SMITH of Virginia. Mr. Speaker, I wish to talk about the question that has been raised here this morning of this back-door approach to the Treasury, as it is called. I would like first to make clear how that situation developed. It came about by provisions in authorization bills which state that the administrator of the agency in question may issue notes. He may take those notes to the Treasurer of the United States, and the Secretary of the Treasury is required to cash those notes and treat it as a transaction under the Second Liberty Loan Act. In that way the review of appropriations never gets to the House of Representatives, or to the Senate, for that matter.

This thing has been going on for a long time in small fashion; last year it mushroomed. As you have heard, over \$9 billion of bills came to the House with that provision in them; and although the other body is prohibited under our rules from initiating appropriations, and is prohibited under the direct terms of

the Constitution from initiating revenue bills, 12 of those 16 bills which came before the House were bills coming from the other body.

I am one of those who believes that when you see something ought to be done, stop talking about it and act. I have introduced a resolution this morning to amend the rules so as to bring us back within the terms of constitutional legislation. That resolution will be referred to the Rules Committee. I very much hope the Rules Committee will bring it to the floor of the House in the near future. If that is done, this House will determine in a democratic way, and as it should, whether we shall pursue the course which we have been pursuing or whether we are going to conform to constitutional requirements.

I know certain people get tired of being told about the Constitution of the United States and, in view of what is going on in the country, I feel some hesitancy about mentioning that more or less outmoded document.

In the first place, as you have been told this morning, there is a specific provision in the Constitution—just a few words—which says that no money shall be withdrawn from the Treasury of the United States except by appropriation pursuant to law. Time and again here it has been held, and is the solid rule of the House of Representatives, that an appropriation is anything that permits money to be withdrawn from the Treasury without further action by the Congress.

The Constitution also specifically provides that all revenue measures must originate in the House of Representatives under the theory of the Constitution of the United States that the Members of the House are closest to the people bearing the burden of taxation. So the Constitution specifically gives this body sole and exclusive jurisdiction to originate revenue legislation.

The provision in this bill which I have spoken of concerning the Second Liberty Loan Act is an example. As I said to you before, 12 of those bills came here last year from the other body that had no jurisdiction to initiate legislation affecting tax measures.

I hope that the Members of the House will give some serious consideration to this problem. It is a tremendous problem. You cannot possibly keep up with your financing with this method of operation. All we are seeking to do is to say that before any money is appropriated or any means provided to withdraw it from the Treasury the matter shall come to the House, go to the Appropriations Committee, be considered by that committee and analyzed and acted on

by the Committee on Appropriations. That is all there is to the proposition.

Mr. Speaker, I heard my distinguished friend from Massachusetts, the majority leader, talking about how all of these things which have been done for the benefit of the people would not have been done if we had not had this back-door-to-the-Treasury proposition. I am not proud of that statement. This House has always been able to act within the Constitution. There are ways it can be done. To say it cannot be done in any way except by violating the Constitution of the United States seems to me to be an inaccurate sort of a statement.

I have heard a lot of talk here this morning about the budget. We all want to balance the budget. I think every Member of the House wants to be responsible in our fiscal affairs. I wish we would not get so much politics into this because every time we get to talking about "who done it" each side says the other side did it. As a matter of fact, we did cut the President's budget by over \$5 billion last year. But let me say to you gentlemen on my side of the aisle, we Democrats did not do it. Let me say to you gentlemen over there on the Republican side that you did not do it. It was done by the responsible membership of this House on both sides of the aisle, irrespective of political considerations, by Members who thought we ought to have a strong financial policy. That is the way it was done, and if it is done again that is the way it has got to be done.

I hope those Members of the House who feel as some of us do about the dire necessity of doing something about the expenditures of this Nation will stand together and irrespective of the line that runs down the middle of this Chamber here vote your convictions for a balanced budget and for a sound fiscal policy, without regard to political parties.

The SPEAKER. The time of the gentleman from Virginia has expired. All time has expired.

The question is on the resolution.

The resolution was agreed to.

Mr. TEAGUE of Texas. 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. 2256) to amend chapter 37 of title 38, United States Code, to provide additional funds for direct loans; to remove certain requirements with respect to the rate of interest on guaranteed loans; 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 con-

sideration of the bill H.R. 2256, with Mr. THORNBERRY in the chair.

The Clerk read the title of the bill. By unanimous consent, the first reading of the bill was dispensed with.

Mr. TEAGUE of Texas. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, I certainly regret that the leadership on my left has chosen to make this veterans bill a political football. I wish that every Member of this House could have been in our committee the 2 days that we worked on this bill. Politics was never mentioned; it was never thought of in any way, form, or fashion. This bill is the result of a very sincere effort of a committee of this Congress to take care of a job that has been given to us of taking care of housing for veterans in this country. This is not an irresponsible bill. It is a good bill.

Mr. Chairman, I am not going into all of the details of our veterans' housing program. I am going to cover the two principal parts of this bill. One part of it is \$300 million for direct loans; the other part of it is increasing the interest rate on guaranteed loans from 4¾ percent to 5¼ percent. The President of the United States recommends that we increase the interest rate. I have opposed this increase for many years. It finally boils down to the fact of whether or not you want fewer houses and have our veterans pay less interest or whether you want more houses and let them pay more interest. Our committee, after very careful deliberation, in the most non-partisan atmosphere that you can imagine, voted to increase the interest rate. After that there was a vote to increase the amount from \$150 million to \$300 million for direct loans.

Now, first let me tell you a little about direct loans. There are over 45,000 veterans on the waiting list for direct loans. The Administrator had \$150 million for the fiscal year 1959—July 1, 1958 to June 30, 1959. All that money has been drawn from the Treasury. It has been distributed by the VA central office. Now, if this 5¼ percent interest rate will provide money for housing, the Administrator for Veterans' Affairs does not have to draw one dime of this \$300 million. If it does not produce the money to build veterans' housing, then he should draw it and we will expect him to do so. There has been a period in the past when he failed to draw \$50 million that was available. So, it is up to the Administrator and the President whether they use this \$300 million. The following charts show the activity in the VA direct loan program as compared with the VA guaranteed loan program:

CHART 1

National totals

	Direct loans, Apr. 1-Dec. 1, 1958							Guaranteed loans, July through November 1958	Veteran population	Veterans on waiting list for direct loan	
	Total loans made	Purchase new home	Purchase existing home	Construct new home	Purchase farm with home	Construct farm home	Repair home				Repair farm home
National totals.....	10,790	2,226	5,728	2,248	438	31	110	9	73,752	19,517,000	41,025

CHART 1—Continued

State totals

State	Direct loans, April through November 1958								Guaranteed loans July through November 1958	Veteran population	Veterans on waiting list for direct loan
	Total loans made	Purchase new home	Purchase existing home	Construct new home	Purchase farm with home	Construct farm home	Repair home	Repair farm home			
Alabama.....	341	81	85	157	10	2	5	1	1,052	328,000	1,163
Arizona.....	94	0	73	21	0	0	0	0	692	111,000	42
Arkansas.....	305	22	112	125	41	2	3	0	192	180,000	1,301
California.....	82	55	17	10	0	0	0	0	7,572	1,681,930	306
Colorado.....	186	135	28	7	11	0	5	0	1,823	194,000	448
Connecticut.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	1,530	275,000	0
Delaware.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	216	48,000	0
Florida.....	355	24	107	216	1	0	7	0	2,474	458,000	1,601
Georgia.....	704	52	296	291	50	10	5	0	535	368,000	2,407
Idaho.....	234	12	126	92	1	0	3	0	212	69,000	1,217
Illinois.....	242	23	193	13	4	2	7	0	1,363	512,000	940
Indiana.....	396	345	32	7	10	1	0	0	2,249	1,142,000	1,312
Iowa.....	257	13	202	38	3	1	0	0	721	289,000	345
Kansas.....	190	6	144	24	12	0	0	0	838	236,000	136
Kentucky.....	467	25	355	39	40	0	6	2	429	315,000	2,686
Louisiana.....	262	27	114	120	0	0	1	0	760	296,000	783
Maine.....	290	6	267	4	7	0	6	0	842	107,000	79
Maryland.....	110	10	91	9	0	0	0	0	1,882	268,080	66
Massachusetts.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	5,695	743,000	0
Michigan.....	239	78	139	10	8	0	4	0	2,173	884,000	1,503
Minnesota.....	375	89	175	86	14	1	6	0	1,342	445,000	1,403
Mississippi.....	272	77	151	33	3	0	8	0	397	201,000	1,321
Missouri.....	618	35	363	86	129	2	3	3	1,767	487,000	1,369
Montana.....	143	10	79	50	2	0	2	0	155	75,000	1,049
Nebraska.....	167	6	137	23	1	0	0	0	127	157,000	502
Nevada.....	42	22	9	11	0	0	0	0	7	35,070	332
New Hampshire.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	910	72,000	0
New Jersey.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	3,453	707,000	0
New Mexico.....	84	38	28	16	1	0	1	0	893	90,000	457
New York.....	63	18	39	4	2	0	0	0	10,980	1,931,000	152
North Carolina.....	570	30	317	219	0	0	4	0	610	448,000	2,792
North Dakota.....	65	12	32	18	1	0	2	0	106	63,000	857
Ohio.....	489	333	143	8	5	0	0	0	2,023	1,079,000	2,425
Oklahoma.....	174	21	80	43	17	7	6	0	502	274,000	1,118
Oregon.....	218	13	194	10	1	0	0	0	208	212,000	304
Pennsylvania.....	135	18	104	13	0	0	0	0	5,020	1,455,490	667
Rhode Island.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	374	118,000	0
South Carolina.....	287	21	137	129	0	0	0	0	195	217,000	884
South Dakota.....	151	28	71	43	5	0	4	0	103	75,000	665
Tennessee.....	193	27	118	31	14	0	3	0	1,002	380,000	901
Texas.....	514	50	288	147	21	2	6	0	5,332	998,000	662
Utah.....	185	55	113	11	2	1	1	2	341	95,000	854
Vermont.....	21	2	18	0	3	0	0	0	400	43,000	0
Virginia.....	532	364	166	0	0	0	1	0	928	360,430	3,154
Washington.....	141	0	136	3	1	0	0	0	624	306,000	521
West Virginia.....	445	64	334	68	21	0	4	0	89	245,000	1,191
Wisconsin.....	138	0	115	8	15	0	0	0	1,053	403,000	795
Wyoming.....	79	9	25	41	1	0	3	0	86	33,000	323
District of Columbia.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	1,581	213,490	0

¹No areas eligible.

CHART 2

States	Direct loans						Guaranteed loans, all kinds, to Oct. 1, 1958		
	Funds available		April-October 1958, builder's request for commitments				Total number made	Dollar value, all loans	
	During period April-October	At end of October 1958	Requests received	Number of units	Requests approved	Number of units approved			Dollar value
National total.....	\$117,400,495	\$58,188,599	548	2,467	431	1,916	\$21,836,706	5,451,010	\$44,472,120,869
Alabama.....	5,058,967	1,573,327	19	111	18	108	1,318,535	67,823	533,462,980
Arizona.....	2,129,240	843,965	2	18	2	18	223,768	27,993	216,691,732
Arkansas.....	4,806,871	1,183,437	29	83	26	74	832,070	28,993	160,878,475
California.....	5,008,375	2,807,781	15	133	3	17	194,400	706,263	6,731,680,817
Colorado.....	2,501,857	944,978	3	22	2	10	108,750	68,153	553,028,398
Connecticut.....								79,440	721,611,791
Delaware.....								22,944	224,557,467
Florida.....	6,750,195	2,812,215	21	214	18	180	1,972,000	128,936	1,102,275,118
Georgia.....	10,043,143	3,072,835	16	98	14	85	1,016,300	99,644	808,682,853
Idaho.....	2,971,745	1,144,272	21	121	18	103	1,337,900	14,513	97,640,715
Illinois.....	6,518,016	2,679,305	5	22	4	17	211,500	213,119	1,842,630,123
Indiana.....	4,357,419	1,287,734	3	18	2	8	102,750	105,677	697,209,426
Iowa.....	3,464,136	1,176,186	0	0	0	0	0	71,475	478,960,889
Kansas.....	2,007,491	400,954	0	0	0	0	0	53,362	362,797,617
Kentucky.....	7,006,936	2,443,177	15	78	14	75	\$632,390	45,039	330,153,982
Louisiana.....	4,257,850	1,699,218	31	85	15	63	829,200	66,236	570,285,331
Maine.....	2,201,572	606,352	0	0	0	0	0	23,919	122,932,971
Maryland.....	2,169,119	859,855	0	0	0	0	0	90,354	717,194,788
Massachusetts.....								255,846	2,126,441,699
Michigan.....	6,601,125	2,324,219	5	44	5	44	563,290	207,937	1,757,773,256
Minnesota.....	4,214,770	1,405,370	22	74	21	66	800,700	110,841	918,800,465
Mississippi.....	4,301,799	1,720,546	17	75	12	60	673,350	33,105	223,108,580
Missouri.....	8,713,481	1,107,914	3	6	3	6	71,500	127,976	1,051,756,688
Montana.....	2,150,216	811,706	27	67	27	67	890,300	12,526	96,253,764
Nebraska.....	2,352,103	773,926	7	29	7	29	371,926	26,757	173,304,693
Nevada.....	921,715	163,547	16	33	15	30	403,900	3,369	24,560,718
New Hampshire.....								31,172	184,299,790
New Jersey.....								273,513	2,416,376,192
New Mexico.....	1,548,636	711,002	14	109	8	72	836,600	28,180	221,802,845
New York.....	1,207,404	523,173	0	0	0	0	0	650,592	5,053,189,930
North Carolina.....	9,254,144	1,788,258	28	135	17	92	1,063,000	62,385	447,771,294
North Dakota.....	2,225,396	853,473	18	54	18	54	711,500	12,310	73,430,288
Ohio.....	7,850,000	2,795,270	6	49	4	28	359,300	212,293	2,216,021,344

CHART 2—Continued

States	Direct loans							Guaranteed loans, all kinds, to Oct. 1, 1958	
	Funds available		April-October 1958, builder's request for commitments					Total number made	Dollar value, all loans
	During period April-October	At end of October 1958	Requests received	Number of units	Requests approved	Number of units approved	Dollar value		
Oklahoma.....	\$3,677,145	\$1,183,155	23	69	16	55	633,890	95,485	\$650,506,297
Oregon.....	3,051,548	904,254	8	12	7	11	128,996	34,717	252,943,695
Pennsylvania.....	4,545,598	2,460,132	0	0	0	0	0	404,790	2,920,508,443
Rhode Island.....								37,730	278,323,009
South Carolina.....	5,043,998	764,631	16	82	10	59	678,600	38,128	269,160,447
South Dakota.....	2,250,970	599,700	15	41	15	41	483,650	12,370	69,811,923
Tennessee.....	4,990,744	1,603,779	12	58	4	30	352,830	88,983	640,722,787
Texas.....	9,384,191	2,394,425	10	44	7	18	222,100	319,409	2,565,147,648
Utah.....	2,613,151	767,665	21	87	14	58	767,000	25,370	205,022,748
Vermont.....	281,387	147,318	0	0	0	0	0	14,997	84,128,234
Virginia.....	7,543,495	3,025,296	79	327	64	269	3,233,831	75,480	595,215,741
Washington.....	2,679,296	849,715	0	0	0	0	0	114,084	834,426,387
West Virginia.....	5,270,857	1,469,024	3	24	3	24	251,500	22,045	137,120,517
Wisconsin.....	2,692,404	1,028,971	1	2	1	2	27,000	87,100	717,361,283
Wyoming.....	505,561	476,998	7	43	7	43	569,700	8,777	72,094,972
District of Columbia.....								88,860	1,023,069,648

NOTE.—Leaders (...) indicate areas not eligible for direct loans.

Now, more than that, when a veteran applies for a direct loan, the minute he does the Administrator lets it be known to the private lenders that this veteran has applied for a direct loan. If no private lender indicates he wants the paper he makes the loan. If the Administrator makes a builder-commitment, then within 60 days any lender can purchase this loan and get the two points paid for the commitment. After 60 days any private lender in the United States can pick up this paper or any direct loan any time he wants to at par. So if the administration thinks this 5¼ percent is going to provide ample money for loans, why are they complaining about this? There is no reason for it if what they say turns out to be true.

I am sure the gentleman from Ohio [Mr. AYRES] would not misinform this House. I understood him to say this bill had nothing to do with veterans in the metropolitan areas.

Mr. AYRES. Is the gentleman addressing a question to me?

Mr. TEAGUE of Texas. I yield to the gentleman from Ohio if he cares to comment on it. Before I yield to the gentleman from Ohio, I would like to say that the gentleman from Ohio and I have served on the Veterans' Affairs Committee for many years. The gentleman from Ohio has been a member of the Housing Subcommittee for many years and served as its chairman during the 83d Congress. The gentleman from Ohio is without question one of the best informed Members of this body on matters relating to veterans' housing.

Mr. AYRES. I said this was billed as a veterans' housing bill for all veterans. Actually the moneys in this bill apply only to those veterans in the rural communities that qualify for the direct loans in what the Veterans' Administrator has designated as being direct-loan areas. As far as the increase in the interest rate from 4¾ percent to 5¼ percent, that will help the veterans in the metropolitan areas get loans, which we all know they cannot get today.

Mr. TEAGUE of Texas. That is correct. The gentleman lives in a metropolitan area in his State of Ohio. About 35 to 40 percent of the veterans have been

able to get VA-guaranteed loans. Yet there are other counties in Ohio where only 5, 6, or 7 percent of the veterans have been able to get loans. This bill is to help those veterans that cannot get loans any other way. The 5¼ percent should provide more guaranteed loan money for veterans in the metropolitan areas.

I want to read to you what the Veterans' Administrator told us is the present situation of the direct loan program:

Public Law 85-364 permitted a Treasury advance of up to \$50 million during the fourth quarter of fiscal year 1958 and authorized \$150 million in Treasury advances during each of fiscal years 1959 and 1960.

For 1959 there is about \$40 million in the regional offices, but there is no more money due from the Treasury, and not a dime in the central office for additional loans until the 1st of July.

The funds which became available for the fourth quarter of fiscal year 1958 were allocated to our regional offices on a pro rata basis of their needs to provide loans to veterans on their March 1958 waiting lists. By the end of June 1958, loans made and in process had exhausted funds available and the waiting list had grown to nearly 35,000.

The maximum permissible Treasury advances have been obtained for the first three quarters of fiscal year 1959. These funds, together with the proceeds of sales and principal repayments on loans previously made, have been allocated to our regional offices on a pro rata basis of veteran population in designated housing credit shortage areas.

This is the present situation.

At the end of December 1958, loans made and in process were sufficient to absorb funds available as of that date and there were more than 45,000 on waiting lists. The funds which have been allotted to regional offices for making direct loans during the third quarter of fiscal year 1959 and the estimated principal repayments during the balance of this fiscal year—no Treasury advances being available for the fourth quarter—will be enough to make about 7,000 loans. Funds which will become available during fiscal year 1960 will be enough to make about 20,000 loans.

That means of the 45,000 veterans now on the waiting list, if you take the situation the gentleman from Indiana was talking about, this money will take care of about 35,000 loans through 1960,

and this does not include all the new applications that will come in.

My committee tried desperately to meet this housing situation, and we have a good bill. Again, it is not an irresponsible bill.

In testimony before our committee it was indicated that VA's home loan activity has declined drastically during the past few months. As a result VA has reduced its personnel. VA officials have predicted that if the bill before us is enacted that their anticipated workload will double next year. This, of course, means that the VA Loan Guaranty Section will need additional money for personnel.

I expect to contact the Administrator of Veterans' Affairs to urge him to anticipate this problem in his budget planning for the months ahead. I sincerely hope that our Appropriations Committee will recognize this problem when they consider the VA's budget.

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

Mr. TEAGUE of Texas. I yield to the gentleman from California.

Mr. ROOSEVELT. I am just a little bit curious about why it is necessary on the direct loans to increase the amount of interest to make it the same as the guaranteed loans would get. But, it seems to me if we agree the interest rate for the guaranteed loans must be increased in order to get private capital, and if at the same time private capital even then is not forthcoming, should the veteran nevertheless be penalized when the Government makes a direct loan? Why should not his interest rate under that situation remain just the way it is now?

Mr. TEAGUE of Texas. The gentleman raises a very good point. The truth of the matter is the Administrator has the authority to set this interest rate. He has always set this rate the same as the guaranteed loans. Since the program began, we have lost on direct loans something over \$1 million and we have made something over \$40 million. So, I think the gentleman has an excellent point, and it is something that my committee probably should have looked into before this.

Mr. ROOSEVELT. Would the gentleman be averse to my offering an amendment to the bill which would hold the direct loan interest rate to the amount which presently is charged in view of the fact that the program is making money?

Mr. TEAGUE of Texas. From what I know right now, I will say to the gentleman, I would not be able to agree with that. I would like to have a further study into the matter.

Mr. ROOSEVELT. I thank the gentleman.

Mr. TEAGUE of Texas. Mr. Chairman, in order that the importance of this legislation may be better understood, I would like to review the history of the veterans' home loan program from its inception.

After World War II the returning veterans found themselves at a great disadvantage in trying to purchase homes. This disadvantage prevailed because they had no money for down payments to compete with the defense workers who had higher paying jobs and who were therefore able to accumulate a sizable saving for a down payment on a home. Further, homes were scarce and builders were unable to obtain commitments to build a sufficient number of homes to be financed with conventional financing and low down payments. In order to assist the returning veteran to readjust to civilian life, Congress passed the Servicemen's Readjustment Act of 1944. This act included numerous benefits, such as the vast educational programs with which everybody is familiar, unemployment compensation, and loan guaranty benefits. This act was to run for 10 years after the date of termination of World War II, which was later established as July 25, 1947.

The Veterans' Administration loan guaranty program provided a guarantee to a private lender who was willing to finance the purchase of a home for a qualified veteran. The guaranty was 50 percent of the purchase price, but not to exceed \$4,000. The loan was to be at 4 percent interest and could run for 20 or 25 years. This small amount of guaranty was used to guarantee the down payment portion of the purchase price of a home. A combination loan, with the Veterans' Administration guaranteeing part and the Federal Housing Administration insuring the remainder, assisted many a veteran in purchasing a home. However, the down payments and the monthly payments were rather high, having been scheduled according to requirements of the FHA.

This type of loan proved unsatisfactory, both from the standpoint of the veteran and the lender, and in 1950 Congress changed the law providing for an increase in the amount of guarantee to 60 percent of the sale price, or \$7,500, whichever was the smaller. This new act proved to be the solution in assisting veterans in purchasing homes and, in addition, it has proved to be one of the greatest underwriting steps ever taken in the mortgage field for the purchase of homes.

By 1950 Congress found that the veterans living in our rural areas, small cities, and towns, were failing to obtain

private or conventional financing. This was primarily due to the fact that the large lenders refused to make loans in outlying areas because they could make all the loans they wanted in the greater metropolitan areas where servicing was no problem. In order to correct this inequity, Congress in 1950 authorized the Veterans' Administration direct loan program. This program provided \$150 million and authorized the Administrator to make loans directly to veterans living in the rural areas, small cities, and towns where private or conventional financing was not available. The maximum amount for a direct loan was set by law at \$10,000. The program immediately stimulated purchases of homes in the rural areas and veterans at once began making application for direct loans. The first appropriation of \$150 million was soon used up. Since 1950 each Congress has extended the program and authorized additional sums of money. The funds authorized have proved to be insufficient each year, and a large waiting list of veterans desiring direct loans has been constantly in existence since 1950.

In 1951 the lenders slowed down the making of guaranteed loans, claiming that the 4-percent interest rate was not a sufficient yield for them and they began investing their money in other fields. Testimony was received by the Committee on Veterans' Affairs to the effect that the interest rate must be increased, or the VA loan guarantee program would become nonexistent. This was the first effect of the tight money market on the veterans' home loan program. Thus in order for veterans to continue to obtain financing, the VA Administrator considered it necessary to increase the ceiling on the Veterans' Administration interest rate to 4½ percent. This authority was provided in the 1948 amendment to the Servicemen's Readjustment Act of 1944. Immediately after the ceiling was raised to 4½ percent, the lenders, again finding the veterans' loan attractive, made ample funds available for loans in the metropolitan areas.

Even this increase in interest rate did not assist veterans living in our rural areas to obtain private financing, and the direct-loan program was therefore extended, with an additional authorization of \$150 million.

Both the guaranteed- and the direct-loan programs continued to provide homes for veterans until 1957, when the tight-money situation made mortgage funds unavailable for a veteran's 4½-percent guaranteed loan. Testimony was again presented to the committee by the lenders, stating that unless the interest rate was increased they would be unable to make any more VA loans because of the low yield which placed the veteran's loan at a disadvantage with other available loans paying the lenders higher rates of interest.

Mr. Chairman, I was opposed to the original increase in interest rate from 4 to 4½ percent because I felt that the veteran's guaranteed loan had many advantages for lenders over other guaranteed or insured Government home loans. These advantages were, and still are, that a lender making a veteran guaran-

teed loan receives his claim in cash upon foreclosure. Other Government-insured loans pay off in debentures. Further—and this is an outstanding advantage—in case the lender is unable to deliver physical possession of the property to the Veterans' Administration upon foreclosure, the VA will still pay in cash the lender's claim. Other governmental-insured loans demand that physical possession be given before a claim is paid, and even then the claim is paid in debentures. Notwithstanding these advantages, the Congress, caught in the tight-money dilemma, increased the ceiling on the interest rate again—from 4½ to 4¾ percent. This law went into effect on April 1, 1958—Public Law 85-364. This same law extended the direct-loan program and the loan-guaranty program for 2 years, making the expiration of both programs July 25, 1960, and increased the maximum amount of a direct loan from \$10,000 to \$13,500. It also gave the Administrator the authority to process all applications received on or before July 25, 1960—1 additional year for the closing of these loans.

Mr. Chairman, again when the interest-rate ceiling was increased, lenders flocked to the program and made ample funds available for guaranteed loans in the metropolitan areas and, as they had in the past, failed or refused to make mortgage funds available in the rural areas.

All of which brings us back to the bill we have before us today—H.R. 2256. This is the bill I introduced on January 12, 1959, for the purpose of providing additional funds for the Veterans' Administration direct loan program, as well as to effect additional legislation which I feel is necessary to assist the veterans of our country in obtaining housing.

As I mentioned before, the direct loan program was first authorized by the Congress in 1950, because it was found that the Veterans' Administration guaranteed loan program was not offering an equitable opportunity for veterans living in rural areas, small cities and towns to obtain home loans. On the other hand, the veterans living in the metropolitan areas have had little or no difficulty in obtaining mortgage financing.

My committee made a national survey and found that of 3,234,438 veterans living in 1,635 rural counties, less than 10 percent had obtained a loan to purchase a home. This compares with 2,857,307 veterans residing in 126 metropolitan counties where over 40 percent have obtained a guaranteed loan.

The VA guaranteed loan program has assisted over 5 million veterans in obtaining a home loan. The VA direct loan program has made loans to only 126,848 veterans. This small number of direct loans to veterans in the rural areas, small cities and towns, is due to the fact Congress has not authorized sufficient funds for the program to meet the demand.

Public Law 85-364, enacted by the second session of the 85th Congress, extended the direct loan program for 2 years and authorized \$150 million for each of the fiscal years 1959 and 1960.

At the time this law was enacted there were about 13,000 veterans on the waiting list. It was found the reason so few veterans throughout the country had made application for a direct loan resulted from the well-known fact there were not sufficient funds in the direct loan program; thus many veterans who really need a direct loan did not bother to apply. As a result of the enactment of Public Law 85-364, the list of veterans wanting a direct loan grew and grew until today there are over 45,000 veterans on the waiting list. It will be noted from page 5 of the report on H.R. 2256 that there were 43,187 veterans on the VA direct loan program waiting list as of November 1, 1958. This number has increased to over 45,000 in a little more than 2 months.

Mr. Chairman, just the mention of over 45,000 veterans being on the waiting list today for a direct loan in itself does not really carry the true meaning of the VA direct loan waiting list. The real meaning back of this condition is that we have over 45,000 veterans who today cannot get a VA guaranteed loan from private lenders and unless Congress provides adequate funds for the direct loan program, those veterans—in all probability—will never be able to buy a home.

I might add that the direct loan program is not a gift to the veterans of our rural areas; it is a profitable investment of the taxpayers' money. The money authorized for the VA direct loan program will be repaid to the Treasury of the United States with interest. To date the loss from direct loans has been only eight-tenths of 1 percent, while the Government has been collecting from 4 to 4½ percent interest, leaving almost 4 percent profit or gain on the investment. Since the inception of the direct loan program the Veterans' Administration has collected \$113,794,542 in interest on the loans. A typical annual return on the direct loan program is about \$26 million, based on the 4½ percent interest rate.

The committee took the large waiting list into consideration and in order to provide what seems to be a minimum amount of funds needed for the direct loan program, increased the amount, by amendment, from \$150 million to \$300 million. I might add that this amendment had the support of a large majority of the members of the committee.

Under the present law the VA interest rate is tied to the current interest rate set on FHA home insured loans. The interest rate on VA guaranteed and direct home loans cannot exceed one-half of 1 percent below the FHA home loan interest rate, or 4¾ percent, whichever is lower. The second provision, section 2, of this bill eliminates this tie.

During the hearings held on H.R. 2256, the officials of the Veterans' Administration testified that the VA guaranteed home loan program was almost nonexistent. Witnesses stated that the current VA interest rate of 4¾ percent was not realistic or competitive on today's mortgage market and recommended the VA Administrator be given authority to set a higher interest rate. They said that a higher interest rate

would attract mortgage money and loans on veteran homes would become available immediately.

The committee heard from the Mortgage Bankers Association of America, the U.S. Savings and Loan League, the National Association of Home Builders, the National Association of Real Estate Boards, and the American Legion. This group concurred with the views of the Veterans' Administration and recommended the interest rate ceiling be increased. The committee also heard from the VFW and AFL-CIO. This group opposed increasing the interest rate. The committee was convinced that there would be little activity in the program without a higher interest rate and on this basis approved the amendment to increase the interest rate ceiling from 4¾ to 5¼ percent.

The increase in interest rate will result in an additional cost to veterans of our country amounting to many millions annually. Let us take an example of a \$15,000 home with a 25-year loan. The added cost to the veteran would be \$52.20 per year, due to the increased interest rate. Over the life of the loan this would mean an additional cost to the veteran of \$1,305. Using the figure of 300,000 veteran home loans, the increase in interest rate will result in lenders receiving an additional \$15,660,000 for their loans in 1959. This amount over the 25-year period of the loans will result in an increase to the lenders of \$391,500,000.

An increase in interest rate will not only cost more for veterans who are able to qualify for a loan, but will also be the direct cause for the rejection of many veterans' applications due to their credit rating or insufficient income to pay the increased interest payments. Although the increased interest payment on a \$15,000 home will be only \$4.35 per month, this additional \$4.35 will require the veteran to have an additional \$20 monthly income in order to qualify for the loan. Many veterans who are today borderline cases—creditwise—for a 4¾-percent loan, will not be able to obtain approval for a loan with 5¼-percent interest rate.

The third provision of the bill, section 2(b), Mr. Chairman, authorizes all certified agents of any department of the Government to make Veterans' Administration automatic home loans.

Most lenders can make VA-guaranteed loans, but under the present law only Federal land banks, national banks, State banks, private banks, building and loan associations, insurance companies, credit unions, and mortgage and loan companies that are subject to State or Federal supervision can make automatic loans. All other lenders must submit the veteran's loan application for prior approval by the Veterans' Administration. An automatic loan saves delay in closing a loan and eliminates unnecessary paper shuffling between the lender and the Veterans' Administration.

The fourth provision of the bill, section 3, requires a builder or seller of homes in a subdivision containing five or more houses to deposit the veteran's downpayment in a special trust fund.

There have been numerous cases where veterans have taken their life savings and made a downpayment on a home and lost every cent due to the builder or seller declaring bankruptcy. There are about 20 States that have laws requiring deposits on the purchase of a home to be placed in special trust accounts. The code of ethics of the National Association of Real Estate Boards requires all deposits to be placed in special trust accounts.

The fifth provision of the bill, section 4, is in two parts. The first part authorizes the Administrator of Veterans' Affairs to suspend a builder who has been suspended by FHA. The second part authorizes the Administrator of Veterans' Affairs to suspend a lender who has been suspended by FHA. Under existing law the Federal Housing Commissioner has the legal authority to suspend participants from the FHA program, based solely on their suspension by the Veterans' Administration. This bill will give the Administrator of Veterans' Affairs similar authority.

Mr. Chairman, I requested the Mortgage Bankers Association, the U.S. Savings and Loan League, the National Association of Home Builders, the Veterans' Administration and the House and Home Finance Agency to give me a forecast or estimate on the effect the increase in interest rate from 4¾ to 5¼ percent will have on the VA home loan guaranty program for calendar year 1959. As I stated previously, the Veterans' Administration officials have stated that there is little or no money available today—at 4¾ percent—for veterans' home loans.

The Mortgage Bankers state that the VA guaranteed home loan program activity rose from 141,274 loans in 1952, to 391,789 in 1954, and to its peak in 1955 of 649,591 loans. The program declined to such an extent that in 1958, only 145,930 loans were approved. With the increase in interest rate to 5¼ percent they estimate that "a reaction of a similar sort may be expected to follow the interest rate adjustment now contemplated." They also estimate that even with the increase in interest rate to 5¼ percent, there will be discounts required by lenders of two to four points.

The discounts may be explained as points that a lender charges the builder or seller for making the loan. The discount cannot be charged to the veteran as a discount; however, there is no question but that the veteran pays the discount in the sales price or quality of his home. When lenders are not satisfied with the interest rate on a veteran's guaranteed home loan, they charge extra points or discounts to increase their yield. For example, a lender may make a \$15,000 loan to a veteran at 5¼ percent and charge the builder or seller two to four points, or \$300 to \$600 cash, for making the loan. This increases the yield realized by the lender from 5¼ to 5¾ percent, or 6¼ percent, depending on the length of time the loan is to run.

With the proposed increase in interest rate there will be confusion and anxiety on the part of veterans who are in the process of purchasing a home. It goes without saying that the lenders have,

since the Committee on Veterans' Affairs reported H.R. 2256, offered commitments to make veterans' home loans with an escalator clause in the commitment providing that the loan will be closed at 4¾ percent interest or the higher prevailing interest rate on the date of closing. This means that all loans from today forward will be closed at the high rate of interest if this bill is enacted. There will also be some lenders who will attempt to void their outstanding commitments to make veterans' loans at 4¾ percent, in order to get the new increased interest rate. The Veterans' Administration has authority under existing law to suspend builders and lenders who are guilty of unfair mortgage practices which are detrimental to a prospective veteran home buyer. Consequently, I am going to look to the Administrator to see that lenders who have outstanding commitments with no escalator clauses to make these loans to veterans at the 4¾-percent interest rate to fulfill these commitments, even though the interest rate is increased.

The U.S. Savings and Loan League's forecast of the effect on loans if the 5¼-percent interest rate is approved is that their members will lend an additional \$1.1 billion in the VA-guaranteed home-loan program during the calendar year 1959. They state that the total amount of money to be made available under the new interest rate in 1959 will be about \$1.6 billion, and they forecast that all types of lenders will make more than \$5 billion for VA-guaranteed home loans during the calendar year 1959. The U.S. Savings and Loan League also forecasts that their members will charge from 3 to 4 points discount in some areas. This forecast is similar to that of the Mortgage Bankers' Association discussed previously.

The National Association of Home Builders submitted their estimate of the effects of the increase in interest to 5¼ percent on new housing starts. The Association of Home Builders say there will be between 130,000 and 150,000 new units. These new starts plus loans made on existing homes, which usually run 50-50, will mean that we can expect about 300,000 VA-guaranteed home loans to be made to veterans during the calendar year 1959 with 5¼-percent interest rates. The National Home Builders' Association says that without the increase in interest rate there would be about 70,000 to 90,000 new starts during the calendar year 1959, and the large majority of these would be from existing commitments that have been previously issued by lenders prior to the tight money situation we now find confronting us.

The Housing and Home Finance Agency forecasts that the increase in interest rate to 5¼ percent on VA-guaranteed home loans will increase the housing starts in 1959 from 50,000 to 100,000. This, added to the outstanding commitments for new starts of about 70,000, plus loans for existing homes will result in over 300,000 loans for veterans in 1959.

In making their forecast for 1959, the Veterans' Administration states that if H.R. 2256 is enacted into law by March 1, 1959, they anticipate closing 375,000

VA guaranteed home loans and 40,000 VA direct home loans. These figures compare with 145,930 guaranteed and 17,440 direct loans closed during 1958.

The voluntary home mortgage credit program was created by the Housing Act of 1954. This program was to be administered by the Housing and Home Finance Administrator with a staff of Government employees. However, the members and directors of the program were to be from private lending institutions who voluntarily joined the program. The purpose of the program was to acquaint all lenders with the need for mortgage financing in remote areas of our country and to induce them to set aside a certain portion of their mortgage allocations for housing construction loans in rural areas, small cities and towns. This program was to cooperate very closely with the Veterans' Administration and its direct loan program in an effort to channel private and conventional mortgage funds into these rural areas, thereby eliminating the necessity for the VA direct loan program. The lenders participating in the voluntary home mortgage credit program demanded discount points which virtually killed the program. In addition, the Voluntary Home Mortgage Credit Program Agency was able to get the Veterans' Administration to agree that if one of the voluntary home mortgage credit program lenders offered to make a veteran a conventional loan at reasonable discount points, the VA would refuse to make this veteran a direct loan. That is, if the seller refused to agree to the discount points. This, of course, worked a hardship on the veteran applicants for direct loans because, as I stated previously, the veteran cannot pay the discount points and in numerous cases the seller of the home also refused to pay the discount points, placing the veteran in a position where he could not get either type of VA loan—direct or guaranteed.

My committee held hearings on this procedure and the Veterans' Administration revised its method of referrals of veteran applicants for direct loans to the voluntary home mortgage credit program, giving them a maximum number of days to find a lender or the Veterans' Administration would make the loan. Even under this arrangement the Administrator established a rule that a 2 point discount was not unreasonable and that if the seller would not agree to pay the 2 points, the veteran could not obtain either a guaranteed or a direct loan.

The day after H.R. 2256 was reported by my committee, the Voluntary Home Mortgage Credit Program Agency asked the Veterans' Administration to agree to refer veterans wanting direct loans to their program, at the 5¼ percent interest rate, plus discount points to be agreed upon as being reasonable.

Public Law 85-364, the present program, authorizes the VA Administrator to offer direct loans for sale to private lenders directly or through the voluntary home mortgage credit program. I call attention to the fact that where the Veterans' Administration makes a

commitment to a builder under the direct-loan program, the builder must pay two points to the Administrator for the commitment. The law authorizes the Administrator to pass this two points on to a private lender who purchases the loan within 60 days from the date of its closing. I feel that this discount should be passed on to private lenders and to members of the voluntary home mortgage credit program. However, I do not feel that any additional discounts should be recognized for the placing of veterans' loans through the voluntary home mortgage credit program and its participating lenders.

Mr. Chairman, I have attempted to give both sides of the provisions contained in H.R. 2256. If this bill is enacted and the Administrator increases the interest rate to 5¼ percent, it will still fall short of supplying mortgage financing to the veterans in the rural areas, small cities, and towns of our country, but this bill will be a great help. It is important that we continue to provide these veterans with direct loan funds and I feel confident that my colleagues will support the bill now before us.

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

Mr. TEAGUE of Texas. I yield.

Mr. SANTANGELO. Mr. Chairman, I want to commend the chairman for bringing out this bill, but there are a few questions which arise in my mind. I recognize the gentleman is trying to protect the veteran not only so far as the veterans' deposits are concerned, but also to make sure the veteran gets a decent house. But, section 3 of your bill raises certain problems and questions which I would like to have answered. As I understand it, the direct loans bear an interest rate of 5¼ percent as do the FHA loans. I know that if you are going to require the builder to set aside the deposit that the veteran puts up for the purchase of his home, you will be preventing these builders from using the funds which they sorely need in order to complete the construction of the buildings. You do not make that provision with respect to the FHA loans. You are thereby giving the builder the urge to go to the FHA to obtain funds because then he can use the moneys that he gets as a deposit. Do you not think that by setting up this requirement, which is for the benefit of the veteran, that you are indirectly hurting the veteran because the builders will not build under these loans but will go to other people in order to get loans?

Mr. TEAGUE of Texas. I would say to the gentleman that right next door to where he lives, last year veterans lost \$160,000 because builders took the veterans' deposits and downpayments and used it and then went into bankruptcy.

Mr. SANTANGELO. That is true.

Mr. TEAGUE of Texas. If I may continue for a moment. In the code of ethics of the National Association of Real Estate Boards, and some 20 States, there is this same provision. We do not think it is an unfair provision.

Mr. SANTANGELO. If the rate of interest is going to be the same, and I say you are perfectly right, the veteran must

be protected, but since the rate of interest chargeable to the veteran under these direct loans is the same as the FHA, then the builder is not going to go to the direct loans because he is the one who initiates the whole program and he is the one who brings the veteran in to make the application and, therefore, they are not going to the Veterans' Administration because you are denying the builder the right to use the funds, and if he does use them he is liable to a penalty of a prison sentence. I ask myself this question, and I ask it of the gentleman: Do you not think, sir, by this provision you will be denying the veteran an opportunity to get a house which he so sorely needs?

Mr. TEAGUE of Texas. No, sir; I do not.

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

Mr. TEAGUE of Texas. I yield to the gentleman from Oklahoma, a former member of our committee and former chairman of the Subcommittee on Housing of the Committee on Veterans' Affairs.

Mr. EDMONDSON. Mr. Chairman, I merely want to express my appreciation to the gentleman from Texas for his forthright and, I think, concise statement as to just what the issues are that are involved in this bill. I particularly appreciated his accenting the fact that, if we do not provide direct loan funds and make them available, there are going to be many veterans in this country who do not have the availability of the GI loan program for their houses. To cite an illustration to the gentleman, our good friend, the gentleman from Indiana, told us a few moments ago that the year 1958 was the second highest year in building activities that we have ever had in the United States. In the year 1958, however, the records as revealed in the House Committee Print No. 1 will show that in 16 counties which I have the privilege of representing in this House there were 13 counties in which there is no record of a guaranteed loan being made in that record year. In 13 of those 16 counties the only loans that were made under this GI program to veterans were made under this direct-loan program. I think if the Members will look at this House committee print showing the breakdown for the different States on veterans' housing they will find in every State represented in this Chamber many counties in which there is absolutely no activity under the guaranteed-loan program. There are counties in my district in which I cannot remember a guaranteed loan ever having been made at any time. The direct loan is the only answer to these veterans' problems. I think the gentleman and his committee are to be commended for aggressively moving to give to the veterans in the small towns and in the rural areas a fair break under this program.

Mr. TEAGUE of Texas. This committee print is available to all the Members. It tells the number of guaranteed loans and the number of direct loans, and gives you a complete picture of the housing situation in each of your districts.

Mr. ROGERS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. TEAGUE of Texas. I yield.

Mr. ROGERS of Colorado. Some discussion has been had about loans in metropolitan areas. There have been certain restrictions on loans in metropolitan areas. Does this bill in any manner change those restrictions?

Mr. TEAGUE of Texas. It does not.

Mr. ROGERS of Colorado. Do I get your explanation right, that if an application is made by a veteran in a metropolitan area and private lenders are not able to supply the money or will not take the loan, is the Veterans' Administration in a metropolitan area then authorized to make a direct loan to that veteran?

Mr. TEAGUE of Texas. No. He will not do that, because he would send his direct-loan money to an area where only 2 percent of the veterans were able to obtain a loan. He will not send it into an area where over 35 percent of the veterans have obtained loans.

Mr. ROGERS of Colorado. But under this bill the Veterans' Administration can get \$300 million, as I understand it. Is there any limitation on his putting it into a metropolitan area?

Mr. TEAGUE of Texas. There are over 45,000 veterans on the waiting list right now. This \$300 million will take care of about 30,000 veterans. None of these veterans are in a metropolitan area.

Mr. ROGERS of Colorado. It is not the intent of this legislation to assist men in metropolitan areas?

Mr. TEAGUE of Texas. You are speaking of the direct-loan money?

Mr. ROGERS of Colorado. Yes.

Mr. TEAGUE of Texas. It is to help the veterans in rural areas where it is impossible to get any kind of money.

Mr. ROGERS of Colorado. But the question I am trying to emphasize is that if a veteran makes an application in a metropolitan area, and none of the private lenders comes forward and takes the loan, is the Administrator authorized then to make the direct loan to the veterans in a metropolitan area?

Mr. TEAGUE of Texas. He is authorized to consider larger cities for direct loans but he will not do it.

Mr. ROGERS of Colorado. Why?

Mr. TEAGUE of Texas. Because it would take billions of dollars to do what the gentleman is talking about. We are trying to get only \$300 million here.

Mr. ROGERS of Colorado. Then if those veterans in a metropolitan area cannot get a loan locally they are out?

Mr. TEAGUE of Texas. That is exactly right.

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

Mr. TEAGUE of Texas. I yield.

Mr. MATTHEWS. I would like to congratulate the gentleman on the statement he has made and to congratulate his committee.

I want to thank the House Committee on Veterans' Affairs for giving us an opportunity to vote on a bill that will make more money available immediately for the direct loan program to our veterans to enable them to get necessary homes. I introduced H.R. 3039 during the early

days of this session, and this bill would have provided an additional sum not in excess of \$150 million for the direct loan program.

I know we are all aware of the splendid record that our veterans have made in repaying their loans. And I think this program is one of the safest and one of the most practical programs from an economic standpoint in which our Federal Government has participated.

When I was in my district, the Eighth District of Florida, this past fall, I do not know of any personal problem that came to my attention more than the problem of a veteran with a good job and reasonable financial security finding himself unable to get the necessary financing to build a home. I want to pay tribute to the loan guarantee officer in Florida, Mr. Tom C. David, who has done a magnificent job. I have talked with him many times over the telephone and have corresponded with him about this problem; and although he has been, and is today, as cooperative as humanly possible, the fact is, of course, there is just no money to lend.

As late as October 2 of this last fall, I wrote a letter to Mr. David regarding a direct loan application for one of my constituents, a Mr. Ernest B. Huggins, of Gainesville, Fla. Mr. Huggins is a splendid young businessman and there would have been no question of his receiving the loan if the money had been available. However, and I quote from a letter received from Mr. David on October 3, 1958, as follows:

I have checked our records and find that there are approximately 380 veterans ahead of Mr. Huggins on our direct loan list. From the number of loans we are able to make each quarter I am sure we will not reach him within the next twelve months. We are receiving a large number of inquiries from veterans, but we have nearly 1,500 names on our list and at the present time we are making only 45 to 55 loans direct to veterans each quarter.

I am sure this same problem is being faced in all parts of America. It is particularly acute in my own district, since I represent an agricultural area composed of 15 counties of large geographical area, but of comparatively small population. Many of the counties of my district are not able to provide home loan financing through the conventional channels. Many of our veterans actually have no place else to go except to the direct loan program. This program has meant much to the rural areas of my district, and I know the same can be said of all other rural areas in our country.

I hope Congress will vote for an increase in the amount of money available for the direct loan program, and that many of our veterans who have waited so patiently will soon be able to see the construction of their homes actually started.

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

Mr. TEAGUE of Texas. I yield.

Mr. BAILEY. I would like to ask the distinguished gentleman from Texas a couple of questions.

The Veterans' Administration advises me that the percentage of defaults on existing loans is greater in my State of

West Virginia than in any other State. I can understand because more than 15 percent of the laboring force in my State is unemployed.

Does the gentleman think it would be advisable to set up some kind of a moratorium on these loans in any State where the percentage of unemployment is a certain amount? Should we not forestall the Veterans' Administration in taking action for a certain time in such situations? What is the gentleman's reaction?

Mr. TEAGUE of Texas. I would say to the gentleman that I do not believe our committee has received a single complaint from a veteran. It is my understanding the Veterans' Administration has been very liberal in their foreclosure procedures.

Mr. BAILEY. The situation is getting worse in my State. I would like to have the chairman investigate and see what the situation is there.

Mr. TEAGUE of Texas. We will be very glad to look into it.

Mr. BAILEY. A great percentage of them are being threatened with the loss of the investment they already have in their homes.

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

Mr. TEAGUE of Texas. I yield.

Mr. MULTER. There has been much said up to this time about balancing the budget and not spending money and that this would be a good place to stop spending money.

The fact of the matter is that this is not a program for the expenditure of money; this is a loan program. Am I right?

Mr. TEAGUE of Texas. The gentleman is correct.

Mr. MULTER. And is not this also the fact? That up to date the losses in this loan program have been eight-tenths of 1 percent; the losses have aggregated less than \$2 million?

The profits earned by the interest from this program even at the low rates before we increase them have exceeded \$45 million? So that there has been a net profit to the U.S. Government on this loan program at the low interest rates of more than \$43 million?

Mr. TEAGUE of Texas. There will be about \$26 million a year in interest coming in from now on.

Mr. MONAGAN. Mr. Chairman, will the gentleman yield for a question?

Mr. TEAGUE of Texas. I yield to the gentleman from Connecticut.

Mr. MONAGAN. It is true, is it not, that there are certain States, such as Connecticut, which is my State, in which there is no direct loan program?

Mr. TEAGUE of Texas. That is very true for the reason that to a great extent private loans have been available.

Mrs. ROGERS of Massachusetts. Mr. Chairman, I yield myself such time as I may use.

Mr. Chairman, I have two amendments to offer to the bill which I do not like in its present form and I hope they will be adopted: One is that on the direct loans to veterans where the interest rate is raised from 4¾ to 5¼ the Administrator be authorized to take up the dif-

ference. The other is that on the guaranteed loans the Treasury pay the difference between the 4¾ and 5¼ percent interest rate.

It seems to me, Mr. Chairman, that in many directions we are cutting the veterans unconscionably. We created this veterans' loan program to give housing to the veterans. I want to read a few of the advantages to veterans in making a comparison of GI loans and FHA loans.

There are certain definite advantages to GI loan financing over FHA financing from the viewpoint of the veteran borrower and these advantages are present even if the two loans bear an identical interest rate.

The obvious advantage to the GI loan is that it may be obtained for home, farm or business purposes whereas the FHA has no comparable farm and business loan program.

Other advantages of GI loan financing are as follows:

(a) The GI loan guarantee or insurance is furnished without charge to the borrower whereas FHA loan insurance is paid for by the borrower through a mortgage insurance premium payment of one-half of 1 percent per annum on the monthly declining balance of the loan.

(b) The VA valuation of the property fixes the maximum price which the veteran may pay for the property. The FHA valuation is used in determining only the maximum loan amount and the purchaser may pay in excess of the FHA appraisal if he chooses to do so.

(c) The GI loan may be made for 100 percent of the approved purchase price. The FHA loan may be no more than 97 percent of the FHA valuation of the property in cases where the property is valued at no more than \$13,500 and for a lesser percentage as the value of the property increases. Consequently, a downpayment requirement exists in FHA insurance authority which is not present in VA authority.

(d) The GI loan may be prepaid by the borrower at any time without premium or fee. A prepayment fee of 1 percent of the outstanding principal balance may be required if the borrower wants to pay off an FHA loan before maturity.

(e) The VA has authority to purchase defaulted GI loans where the holder refuses to extend indulgence in deserving cases, thereby affording the borrower a further opportunity to keep his home. The FHA has no comparable authority.

(f) The VA has more limitations on foreclosure action by lenders which are designed to protect the veteran's interest and prohibit precipitous action.

(g) The VA has a statutory directive to release an original veteran borrower from liability under certain conditions where the property is sold and a new purchaser assumes the mortgage indebtedness. The FHA has no such requirement.

Mr. Chairman, I yield such time as he may desire to the gentleman from Ohio [Mr. AYRES].

Mr. AYRES. Mr. Chairman, it may be that we find ourselves in this rather difficult situation because of the haste

that all of us on the committee were guilty of in trying to get this bill to the floor without realizing, perhaps, that there could be so much controversy.

Mr. TEAGUE of Texas. Mr. Chairman, will the gentleman yield?

Mr. AYRES. I yield to the gentleman from Texas.

Mr. TEAGUE of Texas. I think the gentleman should speak only for himself so far as haste is concerned.

Mr. AYRES. I tried to get the bill held over for 5 days. It was important that we vote the next day, we were told. It was important that we vote before 11 o'clock because I had a plane to catch on that day.

Mr. TEAGUE of Texas. The gentleman knows on the first day many of us wanted to vote, but in consideration of the gentleman we put it over until the next day.

Mr. AYRES. The gentleman did postpone it for 1 day. We were successful in getting the interest rate amendment adopted, increasing the rate from 4.75 percent to 5.25 percent. Then immediately on the adoption of that amendment the gentleman from Texas [Mr. TEAGUE] offered an amendment which doubled the ante, increasing the amount from \$150 million to \$300 million. I thought at the time we were being a little bit inconsistent in that approach because actually with the increase in the interest rate we will need far less money than we would need if we left the interest rate at the 4.75 percent.

Mr. TEAGUE of Texas. Is it not true that if the increased interest rate provides sufficient money the Administrator does not have to draw any of this money?

Mr. AYRES. That is absolutely correct.

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

Mr. AYRES. I yield to the gentleman from Illinois.

Mr. COLLIER. Would not the gentleman clarify the fact that this money is not returned to the Treasury but, rather, goes into a revolving fund? It does not go back into the Treasury at all.

Mr. AYRES. I will get to that in a moment.

Mr. Chairman, this direct loan program was first started in 1950 and in each session of the Congress since we have continued the program. In the 83d Congress, when the Republicans were in the majority we continued it. But this is the first time in the length of the program that we have come in and asked for additional money for the program over and above that which was previously allocated.

Why are we out of money today? They are out of money because in the GI program you have had a very unrealistic interest rate. The only money that has been available to the veteran has been through the direct loan program at 4.75 percent because the private lenders would not put out loans with that rate of interest. I have been advised by responsible people in the savings and loan field, the insurance companies, and the small savings and loan associations,

that if we have a 5.25 percent interest rate at least half of the applications that are now pending or some 20,000 of the veterans who are trying to get a direct loan will be able to get a guaranteed loan.

We cannot follow what the gentleman from California was suggesting, that is, that we have a differential between the direct loan and a guaranteed loan, because we are in this difficulty today only because of the 4.75 percent money that was available to a certain group of veterans when there was no 4.75 percent money available to the veterans as a whole.

I know many of you are familiar with the VHMCP. That is the voluntary home mortgage credit plan.

Here is how that works. These people who have contacts with private lenders go out and try to place the loan before the Government makes the direct loan. The VHMCP has not been able to operate effectively during the last few months because of this unrealistic interest rate. Now, if we have 5¾ percent, then the VHMCP can do a good job, and there is no doubt in my mind that in most areas they will be able to place the loans. Now, it is true that there are some remote areas of our country where the figures show very few veterans have taken advantage of the program, but that does not necessarily mean that there are veterans there who have applied and been denied the opportunity. Now, this program has been in effect since 1950. Our veterans who served in World War II have been out of service on an average of 12 or 13 years and our Korean boys have been out on an average of 4 years, so actually the demand would be dropping off for direct loans if we had a realistic interest rate and permitted the VHMCP to operate in a businesslike manner. It is true that if this bill does not pass, there is not any money available at the present time. But, I think in view of what has happened and in view of what has transpired and now for the first time the Members are familiar with the necessity of having a realistic interest rate, it might be advisable to give the realistic interest an opportunity to function for 60 days. We will be in session quite awhile, I imagine, and then, as the gentleman from Virginia pointed out, and the gentleman from New York, it will perhaps straighten itself out once and for all, because our Veterans' Affairs Committee naturally has a lot of pride in the matter. Speaking for myself and not for the chairman, one of the reasons we were so anxious to get this bill out was to get one out before the other body did, because we would lose our jurisdiction eventually, probably, over this whole thing.

Mr. TEAGUE of Texas. Mr. Chairman, will the gentleman yield?

Mr. AYRES. I yield to the gentleman from Texas.

Mr. TEAGUE of Texas. I think it important that the gentleman state when the eligibility for World War II veterans expires. If we do not do as the gentleman suggests, and wait to see if 5¾ percent will do the job, a great many veterans' eligibility would have expired.

As the gentleman knows a veteran usually loses his chance to buy a particular piece of property, if he cannot get the loan in a reasonable time.

Mr. AYRES. It expires in 1960.

I will say to the gentleman from Texas we are all getting excited over the veterans; that there has been a great demand by veterans for housing. I have been very active in this sort of thing, yet I have to receive my first letter from a veteran since this has come up saying "Will you please help me get a direct loan?" There is not the demand that there has been. Most of the interest in this program stems from areas where they have not been able to get it because of an unrealistic interest rate.

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

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

Mr. HAYS. I would like to point out to the gentleman that in the eastern Ohio district that I represent, which is immediately adjacent to his territory, you cannot get a veterans loan now, and in my humble judgment you will not be able to get very many at the new interest rate. I happen to be a director of one bank, and we have made a great many loans at the old rate, as many as we could with the limited amount of capital that we had to operate with. But, there are other banks in that area who say that they will not make any veterans loans at any price, and certainly not at a price below 6 percent. There have been applications from veterans who cannot get a direct loan unless there is a direct loan program. I personally would rather see it handled through the banks, but I would not like to foreclose these people whose term expires in 1960 when they will not be able to get it, in my opinion.

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

Mr. AYRES. I yield to the gentleman from Oklahoma.

Mr. EDMONDSON. According to the committee's own records there are 2,425 veterans on the waiting list for direct loans in the gentlemen's State of Ohio. Would that indicate to the gentleman a considerable number who are eager to get these loans and are in need of them?

Mr. AYRES. I think the gentleman will find in the final analysis that when these are checked there will be about a 20-percent dropoff in applications.

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

Mr. AYRES. I yield to the gentleman from Indiana.

Mr. HALLECK. Is it not true that the interest rate which was unrealistic added to the backlog, and now that the rate is realistic private capital will move in and these veterans will be able to get loans at the guaranteed program. In addition, there will be \$200 million available for these loans in the fiscal year 1960, which, with the improved interest rate, ought to meet every available need.

Mr. AYRES. The gentleman is correct.

Mr. EDMONDSON. Is not that argument, that raising the interest rate is

going to meet this situation, the same argument we have had every time this issue has come up, and have we not raised it several times intending to meet this problem in the rural areas, and we still have a continued demand in the rural areas?

Mr. AYRES. Congress has never voted except for a one-fourth percent increase. The Congress did not raise it to 4¾, the Administrator did that, and the loans increased, which the gentleman is familiar with because he was a member of the subcommittee at that time. I think the issue we are faced with here is this: Are you willing to vote for the increased interest rate and take a chance for the next 2 months and give it an opportunity to see if it is going to work, or do you want to open up \$300 million immediately and make that available without giving the interest increase an opportunity to work in this field?

Mr. TEAGUE of Texas. Mr. Chairman, I yield such time as he may desire to the gentleman from Georgia [Mr. MITCHELL], a member of the committee.

Mr. MITCHELL. Mr. Chairman, the enactment into law of H.R. 2256, which I trust will be overwhelmingly approved by this body, is vitally necessary if we intend to make the VA direct loan program a truly effective measure that will enable veterans in small towns and rural areas to buy homes.

I am particularly interested in the direct loan program. Early last year, shortly after joining the Committee on Veterans' Affairs, I found that thousands of qualified veterans, who desired to do so, were unable to purchase homes because of the lack of proper financing. This was true not only in my area, the Seventh District of Georgia, but throughout the entire Nation. Sufficient financing was just not available to veterans living in small cities, towns, and rural areas of the country. Private loans were not available and, although the direct loan program was on the books, the VA had no funds to meet the need. To correct this situation, the Congress provided additional funds for the direct loan program in Public Law 85-364, which is known as the Emergency Housing Act of 1958. Public Law 85-364 was a good measure: good for the veterans, good for the builders, and good for business generally. It put veterans back into the market for homes; it provided jobs for laborers, bulldozer operators, brick-masons, carpenters, electricians, plumbers, painters, and a host of others. It provided orders for sand and cement, bricks and stone, lumber and steel. It sent small builders and their suppliers to their local banks for short-term loans for equipment, supplies, and increased production. It meant new business for practically everyone in all areas of the Nation. The unemployed went back to work and new orders poured into the factories. Virtually every community and every business, both large and small, were profitably affected as a result of the enactment of Public Law 85-364.

I might point out also, in case anyone is concerned about how much all this good work cost, that the VA direct loan aspect of the housing program did

not cost the taxpayers 1 penny. To any Member who wants to help the veterans, particularly those living in rural areas; who wants to aid his community and serve his Nation, but who hesitates to be considered a spender, here is a golden opportunity. This program and this bill before us today is one that the most prudent protector of the public purse can support. It is one program on which all of us on both sides of the aisle can join forces and support in good conscience. This program is an investment in homeownership and good citizenship. It adds stability to the community, it adds new taxpayers and new income in the form of real estate tax to the small towns, where it is so greatly needed. It is an investment that pays a return—a return of unlimited intangible value and yet an actual return in dollars and cents to the U.S. Treasury. VA records on the program indicate a loss of only eight-tenths of 1 percent. With the interest rate permitted under this bill at 5¼ percent, the profit to the Treasury will be more than 5 percent, less cost of administration. Surely that leaves a substantial profit. This program makes no gifts, no grants-in-aid, no handouts to be repaid in counterpart funds, no iceboxes for Eskimos, no shower baths for cameldrivers, no air conditioning for the Arctic.

This bill provides for loans to qualified veterans, who must be approved by the VA, for the purchase of the building of a home, the soundness of which must also pass the inspection of and be approved by the VA. These are sound loans, secured loans to good risk veterans. These loans must be repaid in hard cash, with interest, in U.S. dollars.

The revival last year of the VA loan program was popular throughout the country. It was certainly popular with the veterans. When Public Law 85-364 went into effect, on April 1, 1958, there were 13,084 qualified veterans on the waiting list for direct VA loans. When veterans heard that new funds had been appropriated and the loan program extended for 2 years, many who had lost hope of ever securing a loan rushed to the nearest VA office to file an application. Although the loans were made as rapidly as possible to the approved veterans at the top of the waiting list, the requests for loans were so great that the waiting list increased to more than 40,000 in the first 8 months following the enactment of the bill.

The waiting list has been growing at the rate of approximately 2,000 veterans a month. In Georgia alone, more than 2,400 veterans are on the waiting list at this time. Additional funds are needed and needed now.

I feel that the situation in my State is more or less typical and if it had not been for the direct loan program many veterans, who were able to take advantage of the bill we passed last year, would not now be homeowners.

With the limited funds made available to the VA in Georgia, over 700 veterans were able to obtain homes since April 1, 1958. Of these loans, 173 were made to veterans in the Seventh District of

Georgia, which I am privileged to represent.

Mr. Chairman, although H.R. 2256, now under consideration, requires an initial outlay of \$300 million, or approximately 30,000 loans to qualified veterans, it will not cost the taxpayers of this country 1 red cent. The program is in the black. Through repayments, plus interest, it not only is making money for the U.S. Treasury, but it has been of tremendous help to the veterans and our Nation.

This great program provides homes for our veterans and, as I stated earlier, it has stimulated construction, provided employment, and increased business generally for our local merchants.

For years now, we have passed legislation and held out the possibilities of GI loans, but to far too many veterans we have offered only the shadow. H.R. 2256 provides the substance. I urge its approval.

Mr. Chairman, I have heard in the last few minutes the word "realistic" used many, many times. I think that under the leadership of the distinguished gentleman from Texas [Mr. TEAGUE] the bill as reported by the Committee on Veterans' Affairs is indeed a realistic bill in all respects. As reported it carries, what my colleague from Ohio calls, a realistic interest rate. However, it is one which personally does not appeal to me. I think 4¾ percent was realistic. As the gentleman says, however, this is 5¼, therefore it is realistic. It is further realistic in that it provides a realistic amount, \$300 million. This amount will not wipe out this tremendous backlog of veterans who are entitled to these loans but will materially reduce the number who are on the waiting list.

I think you can say further that it is realistic in the fact that it does not cost the Government 1 cent in the long run. This is a bill which will in fact make the Government money.

As my friend from Ohio states, he has been assured by many private bankers that if this interest rate were raised to 5¼ percent there would be no need for this direct-loan provision. That being the case, there is no reason for us to fail to go ahead and provide this direct-loan money, because if private capital does what it says it will do, there will be no need for the Administrator to draw drafts on the Treasury. So that is no objection to this bill.

I think that certainly this bill is being realistic in that the Congress has provided entitlement to the veterans of our country for homebuilding, whether it be by guarantee or direct.

We have many in my area in the Seventh Congressional District of Georgia who are on the waiting list and who have not been able to finance the purchase of a home. Thirteen out of my 14 counties are eligible for direct loans. In 8 out of those 13, during this last year after the money was made available, not a single direct loan was made in those counties. I believe, although I am referring to my own home district, that 90 percent of you who live outside of metropolitan areas would find

the same situation applies in your case likewise.

The gentleman from Colorado [Mr. JOHNSON] a few moments ago stated what would happen to a veteran in a metropolitan area if he was unable to obtain a loan. Of course, veterans' loans both under direct loan as well as the guaranteed loan are based on whether the veteran is a good risk. In metropolitan areas, the law provides that in the event private capital in these metropolitan areas fails to provide funds, it is within the power of the administrator, if they are a good risk, in metropolitan areas to make the veterans eligible for direct loans.

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

Mr. MITCHELL. I yield.

Mr. CONTE. Mr. Chairman, I would like to ask the gentleman who now has the floor: How many counties in Georgia are eligible for these direct loans?

Mr. MITCHELL. I do not have those figures for the State at large, but I may be able to get them in just a moment. I would say that we have 159 counties and something between 140 and 145 would be eligible for direct loans.

Mr. CONTE. How many counties in the State of Massachusetts would be eligible for these direct loans?

Mr. MITCHELL. I yield to the chairman.

Mr. TEAGUE of Texas. None.

Mr. CONTE. I would like to point out to the gentleman from Georgia that this is typical of the Southern States and the agricultural States, coming to this Congress and asking for loans and grants continually at the expense of the taxpayers of the State of Massachusetts and the other States as well.

Mr. MITCHELL. In response to the gentleman from Massachusetts, the taxpayers of Massachusetts will not be financing the loans of the rural veterans of Georgia and of the remainder of this Nation. In fact, my friend, the gentleman from Massachusetts, should be advised that in the Congress and in the House at large, some 80 percent or over 80 percent of us represent what are considered to be rural districts insofar as this program is concerned. I am sure my good metropolitan friend would want the rural veteran who wore the uniform just as did the city veteran to receive exactly like treatment. That is all the rural veteran wants and that is what we want. Further, may I point out to the gentleman that apparently if none of the gentleman's district is eligible for direct loans, then private capital is making the money available under the guaranteed loan provision.

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

Mr. MITCHELL. I yield.

Mrs. ROGERS of Massachusetts. Our veterans are not receiving their loans and that is why I would like an amendment to go into the bill which would guarantee the difference between the 4¾ percent, what the veterans now pay on the guaranteed loans, up to 5¼ percent, and the money would come out of the Treasury of the United States. I would like to have loans in Massachusetts and

in other urban and city areas and farm areas come under the direct loan plan of housing legislation. Years ago I tried to have all veterans' loans direct loans, but it did not happen.

Mr. MITCHELL. I know that the amendment referred to by the distinguished gentlewoman from Massachusetts is designed to speed up and increase this loan activity for all veterans wherever they may be.

Mrs. ROGERS of Massachusetts. Mr. Chairman, it is something of a farce to hold out the inducement of loans to veterans and not give them the houses.

Mr. MITCHELL. Mr. Chairman, I yield back the balance of my time.

Mrs. ROGERS of Massachusetts. Mr. Chairman, I yield such time as he may desire to the gentleman from Indiana [Mr. ADAIR].

Mr. ADAIR. Mr. Chairman, I think there are a few additional things that ought to be said about this proposed legislation. Many points have already been developed. Certainly I assume that everyone in this House wants to be sure that adequate provision is made for proper housing for the veterans of this country.

First let us look at the direct loan program. Earlier in the debate a great deal was said about the danger of this type of legislation. Constitutional questions were presented. I think they were presented exceedingly well. I think there is a great deal of merit to the things that these gentlemen had to say, but in the case here it seems to me that the argument comes too late. This loan program has been in effect since 1950. There are now approximately \$900 million in the direct loans. There is, under existing legislation, another \$150 million which will be available at the first of the next fiscal year, making well over \$1 billion already used or provided for this program.

I say I admire the gentlemen who made these arguments with respect to the question of constitutionality and procedure here, but it does appear to me they are being made at a somewhat late date in this instance if it is felt, as I assume it is, that we must make adequate provision for veterans through this direct loan program. Let us see how much money is already available.

I have just said that beginning next July 1 there will be \$150 million additional available. In addition to this there will be over \$40 million which represents payments of principal upon existing loans. Therefore, if we do nothing to the existing law in this respect, there will be available approximately \$200 million as of next July 1. If we enact this legislation carrying provision for \$300 million, that \$300 million would be added to the approximately \$200 million of which I have just spoken, making a total available of about \$500 million, or a half billion dollars.

I am informed that an amendment will be offered which would have the effect of removing the \$300 million from this bill. It seems to me that those who feel that some legislation in this respect is necessary and desirable, as I do, must then ask themselves whether we should

support an amendment to strike \$300 million out of this bill and leave \$200 million available, or to vote for the bill as it now exists including the \$300 million, making a total of almost \$500 million available for this program.

I repeat, it seems to me that is the question which must be in the minds of those who favor a continuation of this program. I think in that connection it is worth repeating that the figures indicate this program has had a loss of less than 1 percent. It is, in fact, eight-tenths of 1 percent, which has been many times recouped by the payment of interest on the loans herein.

Now, Mr. Chairman, turning to the consideration of the guaranteed loan program, that part of the program which is designed to help those in the more populous or metropolitan areas—

Mr. GROSS. Mr. Chairman, before the gentleman leaves that subject will he yield for a question?

Mr. ADAIR. I yield to the gentleman.

Mr. GROSS. What does the gentleman think about the total \$500 million loan fund? Can the money be used wisely?

Mr. ADAIR. In that respect, as the gentleman knows, if the money is available the Veterans Administrator does not need to use it; the decision is up to him. Heretofore it has been the practice that the Administrator would withdraw from the Treasury about \$50 million per quarter for this purpose. At any time the Administrator sees that he does not need the money, he, of course, can simply decline or fail to withdraw the money.

But to answer the question which the gentleman has put, it seems to me that for the immediate future \$200 million is quite an adequate sum for our needs; however, I confess that this is a question which leaves students of the matter in a very great amount of doubt. We do have 45,000 applications on file for assistance under this program. It is speculative to try to determine what amount would be needed to take care of these worthy families.

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

Mr. ADAIR. I yield.

Mr. QUIGLEY. Assuming that the gentleman is correct that the \$200 million would do the job, what harm is there in this bill's passing with the \$500 million figure in it?

Mr. ADAIR. I would say to the gentleman that I did not say that \$200 million would do the job.

Mr. QUIGLEY. But my question is based on the assumption that it would.

Mr. ADAIR. My own opinion on that point is that we are unable to tell. The gentleman, the chairman, and I think all members of the committee have, like myself, made a real effort to find the answer to the question, but we cannot know how much will be needed. There was question in the minds of some as to whether the full \$300 million additional will be sufficient, but they reason that we should make available \$500 million upon the assurance that the Administrator does not have to use it if he finds it is not necessary. It seems to me

that is the best answer to the gentleman's question.

Mr. QUIGLEY. But is it not a fact that we do not know for certain whether the \$200 million would do the job or whether even the \$300 million would do it?

Mr. ADAIR. It is a fact, and neither do we know whether the \$500 million will do it.

Mr. QUIGLEY. And the question that bothers me with all this uncertainty is why we are bleeding and dying here over a figure which at best may be academic.

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

Mr. ADAIR. I yield.

Mr. GROSS. But the \$300 million is an obligation upon the United States Treasury, is it not?

Mr. ADAIR. It is an obligation on the Treasury.

Mr. QUIGLEY. It is an obligation, but it does not have to be; in other words, the Administrator does not have to use any of it.

Mr. ADAIR. I think the Members understand that situation, that he does not have to use it.

Now, turning to the guaranteed loan portion of this bill: This bill does propose an increase in interest rates of one-half of 1 percent. There may be some who will ask why should we impose this additional burden upon the veterans? Why should we not leave the interest rate where it is? Is not this an unfair thing to do to the veterans?

Those questions I think have been answered by previous speakers who have pointed out that our experience is that the 4½ percent simply does not produce the loans. I am interested, and the Members of this House are interested, in seeing to it that we do have loans for this purpose. We have been assured that the increased interest rate will produce loans, will relieve the situation in our metropolitan areas. If that is true, then the question is, Do we want a veteran to have a house even though he must pay slightly more interest? I think if the test is whether or not he gets the house, we would say to ourselves that most veterans would be willing to pay the slight increase in interest to provide themselves a home.

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

Mr. ADAIR. I yield to the gentleman from Florida.

Mr. HALEY. The gentleman is well aware of the fact that the 5.25 percent figure is not an absolute figure. It is more or less a flexible figure?

Mr. ADAIR. I am glad the gentleman brings that point out. This again, may be fixed at the option and at the discretion of the Administrator. This is not a mandatory figure; it is a ceiling. I thank the gentleman.

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

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

Mr. VANIK. In the gentleman's statement he pointed out the increase in the interest rate. That is, I presume, based upon the FHA experience?

Mr. ADAIR. Principally.

Mr. VANIK. Is it not true that the loans have not increased in some respects because of the Federal Reserve policies that came into play last year, that the Federal Reserve discount policy has more to do with the availability of mortgage money than the fluctuations that we might see in the interest rate?

Mr. ADAIR. That is a question upon which the Members would certainly differ. I know the view enunciated by the gentleman is held by some. Others hold a contrary view. My own thinking is that lending institutions can turn to other programs, such as FHA, and get a better rate of interest, which has been the principal reason that we have not had enough money available in many areas for guaranteed loans.

Mr. VANIK. In the committee hearings was there any discussion relative to the effect of the Federal Reserve discount policies as distinguished between the effect of the interest rate rise and the productivity of available money for loans?

Mr. ADAIR. My recollection of the hearings leads me to say there was very little, if any, discussion on that point. I do not recall any discussion upon it.

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

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

Mrs. ROGERS of Massachusetts. Is it not very much better for the veteran to seek to borrow from the Veterans' Administration than it is from the FHA?

Mr. ADAIR. I think it is better for the veterans to have either a direct or a guaranteed loan. They are somewhat better off in either of those instances than to have an FHA loan. We have tried to give the veterans the benefit of these programs.

Mrs. ROGERS of Massachusetts. It is very hard. There are practically no loans in the urban areas, and they do not benefit from direct loans at the present time.

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

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

Mr. AYRES. Is it not true that we have found that the big advantage of the GI program is in the small downpayment and the small monthly payments?

Mr. ADAIR. I agree with the gentleman. I think the veterans are mostly concerned with those items, the small downpayment and the small monthly payments. In this way many are able to purchase homes who would not otherwise be able to do so.

Mr. Chairman, I feel that we do need legislation on this subject of veterans' housing at the present time.

Mr. TEAGUE of Texas. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. SISK].

Mr. SISK. Mr. Chairman, at this time I wish to commend the distinguished chairman of the Committee on Veterans' Affairs and the members of that committee for their expeditious action in bringing this bill to the floor at this time. Certainly my previous experience with that very fine group over some 4 years has led me to understand their deep con-

sideration and concern for the veterans, and particularly for adequate housing for our veterans across this Nation.

I would like to call your attention to the charge or, at any rate, the statement that has been made to the effect that the increase in interest rates will solve the situation and that there will no longer be any need for direct loan money. Now, the veterans loan program, that is, the guaranteed loan program, is 15 years old, I believe, going back to the initial act. The direct loan program is some 8 or 9 years old. And, in spite of the 15 years of its existence, we still have large areas of our country where only a small percentage of veterans have been able to secure home loans. The figure shows a great percentage of veterans without homes. For example, in my own State of California, almost half of the counties in that State are in that category. We take some 25 counties and check the percentage of veterans that have secured a loan of any kind, either insured or direct, we find them under 15 percent of the total veterans. In my own district I have one county which is considered to be an urban type of area where something over 30 percent of the veterans have acquired loans over the period of 15 years, and that same thing is true of many of our metropolitan counties. But, the facts are that in spite of what I understand to be true, that loans over a major part of this time were selling at or near par, these great rural areas were not able to secure loans, and the veterans in those areas, have been unable to secure homes. It would seem to me that that in itself would indicate that the rate of interest set by the VA or the Congress is not the answer to the percent, or whatever it may be, because be at 3 percent, 4 percent, 5 percent, 6 percent, or whatever it may be, because as I say, the history of the program over the major portion of the period of time of its existence indicates that the rate of interest generally was acceptable. I readily admit that within the past 2 years the rate has not been sufficient because of the fact that we have seen these great discounts which were necessary to get the money, to make it available. But, the point that I am making is that the interest rate will not solve and will not make available money for homes for this great mass of our veterans across the Nation in the rural areas.

I further would like to comment on one particular charge which was made a little bit ago that this represented some sort of a subsidy; particularly it represented a subsidy for the South. Well, certainly nothing in the factual history or background of this legislation or any other similar legislation represents any kind of a subsidy to any section of this country. In the first place, this type of a program is not a subsidy. Every record that we have regarding the VA loans, either insured or direct, represents an outstanding record of repayment, and the facts as have already been brought out here today indicate that actually the Government has made a profit on the direct loan program, so that any charge of subsidy for anyone, and particularly

any section of our country, is completely in error.

Let us get on with the job and pass this bill just as the committee brought it to us. It is a good bill and is needed by our veterans.

Mr. TEAGUE of Texas. Mr. Chairman, I yield such time as he may desire to the gentleman from Missouri [Mr. BROWN].

Mr. BROWN of Missouri. Mr. Chairman, I am strongly in support of this legislation. I congratulate the committee on bringing it out. It is long overdue.

Anyone who lives in a rural area in this country knows that veterans outside the metropolitan centers have not received fair treatment under the GI home loan program. I am sure no one intended to discriminate against these veterans but discrimination has been the result.

In 14 of the 16 counties in my district in Missouri which are eligible for direct loans there were no GI loans whatsoever made in the last 6 months of 1958. In Greene County, there were two made, and in Douglas County one. What kind of a program is this?

Scarcely a week passes that I do not get a letter from some irate veteran—and I do not blame him for being irate—who has applied and qualified for a GI loan, yet he cannot get one, because there is no money.

Anyone in a rural area, especially in my section, who has gone to a bank or savings loan association recently trying to get a GI loan, is told to forget it. These money lending people are patriotic, they want to help the veterans, but they are in business to make money, just as everybody else in business, and they simply feel they cannot take on very many GI loans, or they will jeopardize their profits. And let us not kid ourselves about raising this interest rate to 5½ percent.

In my area, this is not going to solve the problem, either, for this very simple reason: The going rate of interest on a 20-year home loan from a savings and loan association in my district right now is about 6 percent. If you are lucky you can get it for 5¾ percent. How many of these people are going to lend money for 30 years to a veteran or anybody else at 5¼ percent if they can get 6 percent? It is a matter of simple common-sense arithmetic.

What we must have in these areas is direct-loan money. I got a letter just yesterday from a very fine banker in my district who said that he was afraid of direct veterans housing loans originally, thought it would be unfair competition for private lending institutions, but after living with it for awhile, he feels that it is about the only way to handle the GI home loan program.

He says the private firms are not in a position to handle GI loans.

If the GI housing loan program is worth while, if the Government was helping veterans to get some kind of housing at some sort of a special interest rate and longer term repayment as delayed compensation for their service to their country, it is not fair for GI loans

to be readily available in the cities and not available at all in rural areas.

If the direct-loan program is not expanded, veterans in areas like southwest Missouri do not have a chance of getting a GI home loan this year. Our veterans will continue to read advertisements in the big city newspaper begging veterans to come in and take advantage of their GI loan qualifications. Our veterans will watch the big city boys exercise their GI benefits, but our veterans will be shut out.

I hate to see the Government in the lending business just as much as the next man. My philosophy is that money lending should be handled by private lending firms.

But if the Government has decided that veterans are entitled to special home loans, if private channels cannot afford to make such loans, then the Government has to fulfill its promise. Not because Government will do it better or even do it as well, but because no one else will do it at all.

Also, I intend to support the amendment that is going to be offered by the gentleman from California, if it involves what I think it will. The interest rate on the direct loan funds should not be 5¼ percent. It is not good to establish the precedent of Government profiteering on a Government promise to its veterans.

Direct loans to veterans are profitable to the Government. Uncle Sam has shown a profit of more than \$40 million on direct loans already made. Losses have been less than \$2 million total.

Unless there is some compelling reason that I am overlooking, I see no reason to make the direct loans so much more profitable by raising interest rates to 5¼ percent on money the Government gets for 3¾ percent.

Mrs. ROGERS of Massachusetts. Mr. Chairman, I have no further requests for time.

Mr. TEAGUE of Texas. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. The Clerk will read.

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 subsection (a) of section 1823 of title 38, United States Code, is amended by inserting immediately after the second sentence the following new sentence: "In addition to the sums authorized in this subsection, the Secretary of the Treasury shall also advance to the Administrator such additional sums, not in excess of \$150,000,000, as the Administrator may request, and the sums so advanced shall be made available without regard to any limitation contained in this subsection with respect to the amount which may be advanced in any one quarter annual period."

Sec. 2. (a) Paragraph (1) of subsection (c) of section 1803 of title 38, United States Code, is amended by striking out " , but the rate of interest so prescribed by the Administrator shall not exceed at any time the rate of interest (exclusive of premium charges for insurance, and service charges if any) , established by the Federal Housing Commissioner under section 203 (b) (5) of the National Housing Act, less one-half of 1 per centum per annum."

(b) Subsection (f) of section 1802 of title 38, United States Code, is amended by in-

serting immediately before the period at the end of the first sentence the following: " , or by any mortgagee designated and approved by any department, agency, or instrumentality of the United States as a certified agent, and which is acceptable to the Administrator".

Sec. 3. (a) Subchapter III of chapter 37 of title 38, United States Code, is amended by inserting immediately after section 1824 thereof the following new section:

"§ 1825. Deposit of downpayments in trust accounts

"(a) Where the Administrator has made a determination of reasonable value of housing units in a project involving five or more of such units which are proposed to be constructed or are newly constructed and previously unoccupied, and a veteran has made a deposit or downpayment on the purchase price of any such unit for the purpose of purchasing such unit with a loan guaranteed, insured, or made under this title, it shall be unlawful for the seller to fail to deposit such deposit or downpayment in a special trust account before the close of the next business day, in order to safeguard such deposit or downpayment from the claims of creditors of the seller. Where such deposit or downpayment has been deposited in a special trust account, it shall be unlawful for such deposit or downpayment to be disposed of in any manner except (1) being credited to the veteran purchaser at closing settlement, or (2) if the transaction is not consummated, being disposed of in accordance with the terms of the contract between the parties or returned to the veteran. Nothing in this section shall prevent the application of a deposit or downpayment to the cost of land or construction where a veteran purchaser has contracted for the construction of residential property which is to be financed with the assistance of a construction loan to be obtained under the provisions of this title.

"(b) Whoever violates subsection (a) of this section shall be fined not more than \$5,000 or imprisoned not more than five years, or both."

(b) The analysis of chapter 37 of title 38, United States Code, is amended by adding at the foot thereof the following new item:

"1825. Deposit of downpayments in trust accounts."

Sec. 4. (a) Subsection (b) of section 1804 of title 38, United States Code, is amended by adding at the end thereof the following new sentence: "The Administrator may also refuse to appraise any dwelling or housing project owned, sponsored, or to be constructed by any person refused the benefits of participation under titles I, II, VI, VII, VIII, or IX of the National Housing Act pursuant to a determination of the Federal Housing Commissioner under section 512 of that Act."

(b) Subsection (d) of section 1804 of title 38, United States Code, is amended by adding at the end thereof the following new sentence: "The Administrator may also refuse either temporarily or permanently to guarantee or insure any loans made by a lender or holder refused the benefits of participation under titles I, II, VI, VII, VIII, or IX of the National Housing Act pursuant to a determination of the Federal Housing Commissioner under section 512 of that Act."

Mr. TEAGUE of Texas (during the reading of the bill). Mr. Chairman, I ask unanimous consent that the bill be considered as read and be open for amendment at any point.

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

There was no objection.

The CHAIRMAN. The Clerk will report the first committee amendment.

The Clerk read as follows:

Committee amendment on page 1, line 8, strike out "\$150,000,000" and insert in lieu thereof "\$300,000,000."

The amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment on page 2, line 5, after "amended" insert "(1)."

The amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment on page 2, line 11, immediately before the period insert the following: " ; and (2) by striking out '4¼ per centum per annum' and inserting in lieu thereof '5¼ per centum per annum'."

The amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment on page 2, line 14, strike out "(f)" and insert in lieu thereof "(d)."

The amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment on page 3, line 9, after "account" strike out "before the close of the next business day."

The amendment was agreed to.

Mr. TEAGUE of California. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TEAGUE of California: On page 1, strike out line 3 and all that follows down through line 3 on page 2, and renumber the following sections accordingly.

Mr. TEAGUE of California. Mr. Chairman, my amendment is a very simple one, but it is designed to accomplish a very important purpose. That purpose has been discussed very fully here this afternoon. I will not dwell on it at any great length. This amendment would remove the \$300 million which is currently in the bill.

I would like to state I have a sincere and great respect for my namesake, Cousin OLIN TEAGUE of Texas, the chairman of the Veterans' Affairs Committee. Ordinarily, I follow his leadership in the Committee on Veterans' Affairs. This is one instance in which I cannot.

It seems to me we are not involved here in a matter of partisan politics. I am sure there are Members on both sides of the aisle who have the view that I hold, mainly, that this \$300 million is simply not necessary in this bill and should be removed.

Furthermore, in my view this is not in any sense an antiveteran point of view. I am a veteran myself and this is my fourth year on the Veterans' Affairs Committee. After all, I should like to remind the Members that we will have on next July 1 almost \$200 million available for this fund. We will be in session for many months between now and July 1. If the new realistic interest rate program on guaranteed loans does not work out, as most of us think it will, there will still be time then to come back and

appropriate the necessary funds for the direct program. I would also like to state I feel strongly that those of us who vote to remove the \$300 million are not in any way casting reflections upon either the direct or guaranteed portion of the veterans loan program.

It is our hope it will be continued. It is simply a matter of judgment in which some members of our committee feel that the \$300 million simply is not necessary and we do not need to start right off in this session by unbalancing the budget to that extent. After all, I should like to remind my fellow Members that veterans are also taxpayers. They have to pay taxes and they should be just as interested as we are, and I know they are, in a balanced budget and in fighting inflation.

I hope you will agree with me that this amendment should be carried.

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

Mr. TEAGUE of California. I yield.

Mr. HALLECK. As I listened to the debate today, it was suggested by the proponents of this measure, if I understood them correctly, that it might well come to pass in the future, with this increase in the interest rate, that it will serve to bring into play funds from other sources and will eliminate the use of any of this \$300 million. That is offered as an argument as to why it is all right to put in the \$300 million. But it seems to me the argument on the other side is stronger. In other words, as the gentleman well pointed out, if it does happen that the \$300 million is not necessary, then why put \$300 million in the bill now? I agree with the gentleman this program cannot be damaged one bit by cutting out the \$300 million. Let us see what the experience will be under this increased interest rate. Then if, as the gentleman says, there is any need for additional money later on we can take care of that situation. But this country is looking to Congress to maintain some degree of fiscal responsibility. Why have it appear on the record that we have added \$300 million to the President's budget, because at this juncture it is just exactly that.

May I say I support the gentleman's amendment. And if the amendment is not adopted, then I shall vote against the bill, and I trust my colleagues will do likewise.

Mr. TEAGUE of California. I thank the gentleman for his valuable support.

Mr. TEAGUE of Texas. Mr. Chairman, I rise in opposition to the amendment.

This amendment has been argued all afternoon. What it means is that the veterans in the rural areas will not be able to get a house this next year. The Veterans' Administration told us there are 45,000 veterans on the waiting list right now. I know that this interest increase will not take care of all these veterans. We should have some money in the direct loan fund.

I hope the amendment will be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. TEAGUE].

The question was taken; and on a division (demanded by Mr. AYRES) there were—ayes 55, noes 90.

Mr. HALLECK. Mr. Chairman, on this vote I demand tellers.

Tellers were ordered; and the Chair appointed as tellers Mr. TEAGUE of California and Mr. TEAGUE of Texas.

The Committee again divided and the tellers reported that there were—ayes 83, noes 123.

So the amendment was rejected.

Mr. ROOSEVELT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROOSEVELT: On page 2, immediately below line 20, insert the following: "(c) Paragraph (1) of subsection (d) of section 1811 of title 38, United States Code, is amended by striking out 'the rate authorized for guaranteed home loans' and inserting in lieu thereof '4¼ per centum per annum'."

Mr. TABER. Mr. Chairman, a point of order. That language has already been amended by vote of the committee.

The CHAIRMAN. The Chair may say to the gentleman from New York that that section of the bill has not been amended.

Mr. TABER. It was amended when the committee amendment was adopted.

The CHAIRMAN. That is, of course, a different part of the bill than the committee amendment that was adopted.

Mr. TABER. This amendment is to lines 11, 12, and 13, on the face of the bill, and an amendment was inserted.

The CHAIRMAN. The Chair may say to the gentleman from New York that the amendment may be inconsistent with that language. The Chair does not rule on that. This amendment is in order, however.

Mr. ROOSEVELT. Mr. Chairman, this amendment simply points out that if private money at 5¼ percent does not come forth, and it becomes necessary then for the Treasury to authorize direct loans, these direct loans to the veterans shall remain at the interest rate of 4¼ percent. Under existing law, the Administrator would have the authority to increase the rate on direct loans to 5¼ percent, if he so wanted. My amendment would keep it at 4¼ percent.

The basic justice of my amendment is simply that where the Government must make loans to veterans because private industry has not come forward the Government should not profiteer on the veterans. It is admitted already that the present 4¼ percent is actually making money for the Treasury, and, therefore, this increased percentage is not necessary to keep the program profitable. My amendment would not add to the expense of the Government in any way whatsoever.

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

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

Mrs. ROGERS of Massachusetts. There has been a good deal of talk here about the builders. If the builders do not come into the direct program, then the builders will not get more money. It seems to me only just to keep it at the 4¼ percent for the direct loans,

as it is today. I do not know why that went into our bill, unless they want to punish the direct-loan people.

Mr. ROOSEVELT. I thank the distinguished gentleman. Of course, I agree with her.

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

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

Mr. MULTER. I am in complete agreement with what the gentleman has said and also with what the gentleman from Massachusetts has said. If we increase the interest rate by this one-half of 1 percent on direct loans, it merely means that much additional profit on the program for the United States Government. No builder can get any part of it, no lending agency can get any part of it, no bank can get any part of it. It will mean that the veterans will have to pay the additional one-half percent which is that much more profit for the Government. I am sure we do not want the Government to make any additional profit on this program at the expense of the veterans.

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

Mr. ROOSEVELT. I yield to the gentleman from Indiana.

Mr. ADAIR. Is it not true that if the amendment is adopted one group of veterans would be paying one-half percent more interest than another group?

Mr. ROOSEVELT. That is correct, but it would only be because of the fact that private funds were not forthcoming. I sincerely do regret that we have to charge that extra one-half percent interest in order to attract these private loans, but if they are not forthcoming then I think the important precept is to make sure we do not allow profiteering on Government funds advanced to veterans.

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

Mr. ROOSEVELT. I yield.

Mr. ADAIR. Does it not appeal to the gentleman that this is a serious objection? We have in these two programs through the years kept the interest rate the same. If we begin to discriminate in favor of one group, then, of course, all who can will try to resort to that type of loan, and those who cannot are thereby penalized.

Mr. ROOSEVELT. I would simply say to the gentleman that then it is up to the private bankers of America. If they want to make money available to the veterans, they have the opportunity in this bill, but if they fail and they come back and make the Treasury and the Government of the United States do it, then I say we must not profiteer on those veterans.

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

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

Mr. ASHLEY. I think it might be pointed out that if this charge of potential discrimination is valid, then we already have discrimination, as the interest rate has gone from 4 percent, as originally enacted, up to the present 4¼, and it will perhaps go up again.

Mr. ROOSEVELT. I think the gentleman's point is well taken. There are already several rates and there will be another rate if this bill is adopted; therefore it does not seem to me that this is any more discriminatory than it is now to increase the rate against those who are paying the lesser rate at the present time. I thank the gentleman for his contribution.

Mr. TEAGUE of Texas. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I think there is no question but that there is merit to the amendment offered by the gentleman from California. We have had a difficult time with this housing bill. There has been a lot of give and take on both sides, and I hope that this bill will pass and become law. I would say to the gentleman from California that it is an important question, and that if he would introduce a bill to accomplish the same purpose, that I will give him a hearing before the committee as quickly as we get an opportunity. But, I hope he will not insist on his amendment to the bill today.

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

Mr. TEAGUE of Texas. I yield to the gentleman from California.

Mr. ROOSEVELT. I will say to the gentleman that I would, of course, normally be delighted to do so, but with the heavy schedule I am afraid I will never get back into the arena, and in deference to the people who have asked me to come forward with this program, I think there would be objection.

Mr. TEAGUE of Texas. Mr. Chairman, I hope the amendment will be defeated.

The CHAIRMAN. The question is on the amendment.

The question was taken; and on a division (demanded by Mr. ROOSEVELT) there were—ayes 67, noes 129.

So the amendment was rejected.

Mr. SAYLOR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SAYLOR of Pennsylvania: On page 4, after line 23, insert:

"Sec. 5. Section 1823(a) of title 38, United States Code, is hereby amended by (1) striking from the second sentence thereof, less that amount which has been returned to the revolving fund during the preceding quarter annual period from the sale of loans pursuant to section 1811(g) of this title, and (2) inserting between the third and fourth sentences a new sentence to read as follows:

"Notwithstanding such allocation of direct loan funds as may be prescribed by the Administrator, amounts equivalent to the amounts received by the Administrator in any quarter annual period from the sale of loans pursuant to section 1811(g) shall in addition be allocated, during the quarter next succeeding such sale, to the respective regional offices where the loans were sold for the purpose of making additional loans under section 1811 of this title."

Mr. SAYLOR. Mr. Chairman, the purpose of this amendment is very simple. At the present time the Administrator of Veterans' Affairs allocates each regional office four times a year sums of money to be used for the direct-loan

program. From time to time some of those mortgages are sold. The money that is received from the sale of those mortgages then goes back to the Veterans' Administration and is redistributed from the central office proportionately to all the district offices, not in the area where the mortgages were originally placed, only a small portion of it goes back into that area.

The purpose of this amendment is to see to it that if in any area you have people in the Veterans' Administration who have enough energy to get out and sell their mortgages they will have the money realized from the sale of their mortgages to reinvest with veterans' mortgages in the same area. That is the purpose of the amendment. It was rather technical to have it drafted, and I can say to the members of this committee that had the staff had the amendment ready it would have been adopted by the committee at its regular meeting.

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

Mr. SAYLOR. I am happy to yield to the distinguished lady from Massachusetts.

Mrs. ROGERS of Massachusetts. I understand the Veterans' Administration would be very glad to have this amendment adopted.

Mr. SAYLOR. The Veterans' Administration would be very delighted to have this amendment adopted.

Mr. TEAGUE of Texas. I have no objection to the amendment, Mr. Chairman.

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

Mr. MULTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MULTER, of New York: On page 2, after line 3, insert a new section, to read as follows:

SEC. 2. Strike out all of subdivision (a) of section 1811 and all of the first sentence of subdivision (b) of section 1811 and insert in lieu thereof the following:

"(a) Wherever the Administrator finds that private capital is not generally available in any area for the financing of loans guaranteed under section 1810 of this title, he may designate such area as a housing credit shortage area."

Mr. MULTER. Mr. Chairman, if the amendment offered by the gentleman from California [Mr. ROOSEVELT] had prevailed to limit the interest rate as sought in his amendment, I would then have offered another amendment so as to limit the interest rate on direct loans to the same interest rate payable on guaranteed loans. That would have prevented any increase of the interest rate on GI loans. Since a majority of this committee has determined by its last vote to increase the interest rate, I am not offering any other amendment in that respect.

This amendment, however, will broaden the coverage of the direct-loan program. I would like to call your attention to the fact that section 1811, entitled "Direct Loans to Veterans," presently provides that these direct loans are available only when guaranteed loans are not available. When there is no pri-

vate financing or private capital available from lending institutions, then the direct-loan program comes into play, and then only in parts of the country, to wit—and I quote from the law—"rural areas or in small cities and towns not near large metropolitan areas." My amendment seeks to change that language so that it will read, "Whenever the Administrator finds that private capital is not generally available in any area for the financing of loans guaranteed under section 1810 of this title, he shall designate such area as a 'housing credit shortage area.'"

In other words, as long as there are guaranteed loans available to the veterans, they cannot get direct loans. But I say in my amendment and my amendment seeks to provide that no matter where a veteran may be, whether he is near a large metropolitan area or in a rural area or in a small city or town, if there are no guaranteed mortgages available to him and if no private capital is available, he should have the right to get a direct loan, provided that the Administrator finds that he is in a "housing credit shortage area." This will then put veterans across the country on the same basis, so that if the veteran cannot get a private loan he can get a direct loan. I urge that the law be so modified.

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

Mr. MULTER. I yield.

Mr. BUDGE. If I understand the purpose of this legislation, as it came from the committee, it is to provide the direct loans in areas where historically we have found that private capital is not available. Is it the purpose of the gentleman's amendment to make this program apply 100 percent across the Nation so that we do not have any specific areas pinpointed?

Mr. MULTER. No, sir; that is not the purpose of my amendment at all. My amendment simply seeks to put the veterans across the country who cannot get private loans on the same basis. I assure you it will not apply in places like the city of New York. It will apply in other places. I think the gentleman from Ohio is asking me to yield so that he can indicate that it applies in his part of his State. My amendment simply gives the Administrator the right, first, to determine which are housing credit shortage areas and, secondly, if there is a veteran in that area who cannot get a private loan to permit him to apply for and get a direct loan.

Mr. BUDGE. If the gentleman will yield for a further question, if the Administrator should find that the metropolitan area of New York City was in need of financial services for this purpose, could he not under the gentleman's amendment, apply this legislation to the metropolitan area of your city?

Mr. MULTER. Theoretically, the answer, of course, is that he could, but if he did I am sure he would be fired by whoever his superior happened to be.

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

Mr. MULTER. I yield.

Mr. VANIK. I agree, and I hope that the gentleman's amendment will be fa-

vorably considered by the House. There are cities throughout this country that fall without this category as defined in the law, where the banking practice in the community has precluded any GI loan. I think this provision ought to be in the law so that in such communities where banking practices preclude GI loans, a veteran may have the relief that this section affords. Would the sponsor of this amendment change the language from mandatory to permissive? Then that would leave it permissive with the administration to determine.

Mr. MULTER. That is the way the law is interpreted today. But I will not quibble about words. If you prefer the word "may" to "shall", I agree to the change. It is being interpreted today as permissive and not mandatory. There is no review of the Administrator's finding except the President has the power to discharge an administrator who does not properly perform his duties.

The CHAIRMAN. The time of the gentleman from New York [Mr. MULTER] has expired.

Mr. TEAGUE of Texas. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. TEAGUE of Texas. It was suggested to the gentleman from New York that he change the word "shall" to "may."

Mr. MULTER. Mr. Chairman, I ask unanimous consent that my amendment at the desk be modified to change the word "shall" to "may."

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

There was no objection.

The Clerk again read the amendment as modified.

Mr. TEAGUE of Texas. Mr. Chairman, as I understand the amendment, it will not change the loan in any form. I have no objection to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. MULTER].

The amendment was agreed to.

Mr. BAILEY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I asked for this time not for the purpose of offering an amendment. During general debate I raised the same question about the serious situation that has arisen as to the defaults on these direct loans to veterans.

While general debate was going on I contacted the Veterans Administration and I have some data that I think should go into the RECORD at this point.

In my State of West Virginia, which has the largest percentage of unemployment of any State in the Union, the defaults are 9.64 percent of the total number of loans. The average for the Nation is 4.46 percent. In my State of West Virginia there has been a total of 4,237 loans made. Only 33 of those have been foreclosed, which is less than 1 percent. There were 22,064 guaranteed loans for homes, farms, and business. Here is what has happened. The home loans, foreclosed on 306 out of a total of 21,023. Farm loans, 46 foreclosed out of a total

of 412. Business loans, 64 foreclosed out of a total of 629. I think particularly of the situation in those States—there are eight of them—that are losing population where the economy is really bad.

I am suggesting that it is serious enough that the chairman of the committee ought to inquire into the rate of defaults in the several States with the idea that the committee perhaps would want to consider legislation as the matter gets more serious.

Mr. TEAGUE of Texas. The committee will be glad to do that, I may say to the gentleman.

Mrs. ROGERS of Massachusetts. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. ROGERS of Massachusetts: Page 2, line 13, immediately before the period, insert the following: "and (3) by adding at the end thereof a new sentence to read as follows: 'In every case in which a loan is guaranteed under section 1810 and the interest rate is more than 4 3/4 per centum per annum, the Administrator is authorized to pay out of appropriations directly to the veteran, during the period the property is owned and occupied by the veteran as his home, and at such intervals as he may prescribe by regulations, an amount representing the difference between the interest paid by the veteran on the loan at the rate actually charged, not exceeding the maximum rate chargeable hereunder at the time the loan was made, and the amount of interest that would have been paid had the rate been set at 4 3/4 per centum per annum.'"

Mrs. ROGERS of Massachusetts. Mr. Chairman, I am not going to press for the passage of my amendment because I think with the present temper of the Committee—and I do not mean this in any disagreeable way, but I think with the present feeling of the House it would not pass. I have faith that it will be passed in the Senate and that they also will take care of the direct loan provision under the same conditions. So I will wait, hoping that the Senate will pass it. I know that this is not an easy bill to evaluate but a confusing one.

The CHAIRMAN. Does the gentleman from Massachusetts withdraw her amendment?

Mrs. ROGERS of Massachusetts. I withdraw the amendment, Mr. Chairman.

The CHAIRMAN. Without objection the amendment is withdrawn.

There was no objection.

Mr. PHILBIN. Mr. Chairman, as one who has labored over a long period of time, even since before I became a Member of this great representative Chamber, for the cause of the veteran and his dependents in all its humane and patriotic ramifications, I am always eager to embrace the opportunity to support changes in basic laws which I deem to extend and perfect existing programs.

The pending bill is unquestionably intended to correct certain deficiencies, defects, and shortcomings which have developed in the veterans' housing program.

Forty-five thousand veterans are waiting for direct loans. Their applications have been pending for some time. But no funds are or have been available. This bill will correct this situation and

provide more funds for direct loans. I hope it will mean the early end to piled-up applications of veterans waiting to purchase homes.

This measure also would increase the interest rate on the loans from 4 3/4 percent to 5 1/4 percent with the hope that higher interest rates will increase the supply of money available for veterans' home loans. I have distinct misgivings about this provision. It is definitely inflationary. It puts larger burdens on borrowing veterans. In the long run this would entail very substantial extra cost to the veterans.

It seems to me that some way could be found to keep veterans' loan interest rates at a reasonable level, and I hope the administration will study this important question and grapple with inflationary factors and interest charges.

The original GI bill was the charter of veterans' rights, entitlements, and benefits. It has worked well. It has been very helpful to millions of veterans and their families. Let us always do our best to preserve its essential principles and policies and work to improve and streamline them whenever the demands of change and progress require it.

Mr. ROBISON. Mr. Chairman, I intend to vote "No" on final passage of H.R. 2256 purely as a protest against what I feel is an unwarranted, and will prove to be an unnecessary, obligation of Federal funds that will have the effect, at least on paper, of throwing any hopes for the realization of a balanced budget out the window. I think it would be a sad commentary on the almost total disregard this Congress has for the principle of fiscal responsibility that we should so act on this, our first record vote of this session.

For the record, I wish to state that I am in full accord and sympathy with that portion of this bill that brings the interest rate allowable on veterans' home loans up to a much more realistic figure. As a former director of a Federal Savings and Loan Association, with 12 years of experience with this problem, I am convinced that such a change in allowable interest rates will bring forth an immediate sufficient supply of private lending moneys, and that this will have the effect of removing from the list of those veterans who are now waiting for direct loans all except those whose applications have been refused by lending institutions by reason of true geographic limitations.

Should, however, this prove to be an inaccurate forecast, there is ample time for this Congress to consider, by the proper method of appropriation instead of this back-door approach to the Treasury, the need for additional direct loan funds over and above the close to \$200 million which now is, or will shortly be, made available for the continuance of this essential part of the veterans' home loan program.

As a veteran of World War II, with a G.I. mortgage now covering my own home, I would most certainly do nothing to curtail this program in any way, but I think we should all pause long enough to remember that veterans are also taxpayers and subject, as all our citizens are,

to the hidden tax implicit in the inflation that is bred and flourishes in continuous Federal deficit financing.

Mr. ULLMAN. Mr. Chairman, I think the Veterans' Affairs Committee is to be congratulated on the expeditious manner in which they have considered and approved H.R. 2256.

The additional \$300 million authorized by this legislation is essential if the veterans' direct loan program is to function successfully. The 43,187 veterans on the direct loan waiting list as of November 1, 1958, provide sufficient testimony to the inadequacy of previous appropriations for this program. When we recall that many other interested veterans have not applied because of the frustratingly long waiting list, we get some inkling of the interest in, and need for, this program.

The direct loan program has done much to remedy the lack of home financing for veterans living in rural areas and in small towns and cities. Particularly in regions such as Oregon's Second Congressional District, which I represent, the program has made home ownership possible. Where the guaranteed home loan program has failed to achieve the goals set forth in the Servicemen's Readjustment Act, the direct loan program has proved successful. I think it is worthy of expansion and consequently I am completely in favor of this additional \$300 million authorization.

Mr. Chairman, I am disappointed, however, that the Committee has considered it necessary to raise the interest rates on direct loans from 4¾ to 5¼ percent. In my opinion, this is an unjustified increase and one that is eminently unfair to those veterans covered by the program.

Mr. Chairman, a one-half of 1 percent increase in interest rates may initially seem insignificant. But when we translate that one-half percent into the additional money it will cost the average veteran, we soon find that it is indeed a substantial added burden. Assuming a 30-year loan, we find that a veteran who wishes to buy a \$10,000 home will have to pay an extra \$1,110 because of this one-half percent increase. In the case of a \$12,000 home, this added payment jumps to \$1,350. This data, plus the fact that many rural homes must be financed over a 40-year period with even higher additional payments, speaks for itself.

Mr. Chairman, I am going to support H.R. 2256 as I believe it is absolutely essential to authorize additional funds for the veterans' direct loan program. However, I believe it would be a much better bill with the adoption of the Roosevelt amendment which would maintain the present interest rate of 4¾ percent.

Mr. MACK of Washington. Mr. Chairman, I shall vote against the proposal in this bill to provide \$300 million for loans to veterans of rural areas to buy homes.

It is not a bad bill but there are other things that veterans need more desperately than loans to buy homes in rural areas. Veterans are growing older and require more and better hospital and medical care. Also non-service disabled and unemployable veterans should

have a pension increase because they have not had one in 5 years despite the fact that the cost of living has gone up for them as well as for everyone else.

If this \$300 million is provided for Federal grants to buy homes it means that the budget will be further out of balance. The more the budget is out of balance the longer it will be before funds will be made available for modern VA hospitals and to provide the non-service-connected disabled and unemployable veteran a deserved increase in his pension.

There is said to be 45,000 veteran requests on file for direct Federal home loans. The records of the Veterans Administration show that of these 45,000 veteran requests for direct loans for the purchase of homes only 521 are on file from the State of Washington.

As compared to the 521 war veterans in Washington State, out of the 306,000 veterans in our State who may obtain a home loan, if this bill is passed, thousands need better medical care and other thousands of veterans, due to the rise in living costs, need an increase in their pension.

First things should get first consideration. We ought to get the Federal budget in balance and then as a first step toward aiding veterans should take steps to provide the sick and ailing veteran with better medical care and better hospital facilities and to provide a more realistic pension system for veterans.

Providing better medical care and hospital care for the veterans and granting a pension increase to veterans will do more for vastly greater numbers of veterans than establishing a fund of \$300 million, and putting the country that much further in debt, to provide home loans to the 521 Washington State veterans who are seeking direct loans to acquire homes.

Mr. VANIK. Mr. Chairman, I have no great enthusiasm for the provisions of H.R. 2256 which seek to raise the interest rate on GI loans up to 5¼ percent. In my judgment, the availability of mortgage money is controlled more by Federal Reserve discount policies which generally regulate the supply of credit than by an increase in the interest rates which simply bring inflated prices into the money market.

In my judgment the increased housing starts of the second half of 1958 were the proximate result of temporary relaxation of the tight money policies during the critical periods of the recession. There is little reason for attributing increased housing starts to higher interest rates.

Raising the cost of GI home-buying money is inflationary in every respect. It will simply drain off loan money presently being absorbed in the FHA loan market. The net result will be increased pressures to raise FHA interest rates. The GI loan interest rate is a base upon which all housing loan rates are established. As this base rate increases, all interest rates will be forced upward. The burden of these higher interest rates are a quiet but steady drain on the reserves of the home buyer.

The steady rise in the cost of borrowing money under the present administration constitutes one of the most inflationary forces in this generation. The home buyer is subjected to a double-barreled inflationary pressure. He is forced to buy a home at an inflated price—and he is then compelled to pay an inflated rate of interest for the life of his loan. The long-range consequence of this high interest folly is yet to be faced. The effects of Federal Reserve money manipulation should certainly be studied by this Congress in open and complete hearings.

The acceptance of an amendment in the Committee of the Whole to extend the direct loan program beyond rural areas to benefit veterans in cities where sufficient private funds are not available for GI loans makes this bill more palatable. In many communities the bankers have flatly refused to consider GI loans as a matter of arbitrary policy. The possibility of a designation of a city as a housing credit shortage area may cause such bankers to think twice before arbitrary denial of GI loans.

In the Cleveland area over 620,000 veterans have not taken advantage of the GI bill under the home loan guarantee program, principally because our local banking interests have refused to consider broad-scale GI loan proposals. The use of the GI loan privilege in the Cleveland area is well below national averages. Housing needs are just about as serious as can be found anywhere.

In the Cleveland area, including Cleveland and 38 counties, the following guaranteed loans have been made:

Year	Number	Amount
1954.....	11,018	\$117,697,544
1955.....	16,726	188,846,492
1956.....	14,499	173,076,460
1957.....	7,638	100,320,996
1958.....	2,654	36,038,316

Direct loans have not been made in the Cleveland urban area—but in the 38 rural counties the following direct loans were made:

Year	Number	Amount
1954.....	273	\$2,090,346
1955.....	461	3,610,736
1956.....	226	1,699,251
1957.....	523	4,213,972
1958.....	245	2,097,033

In our cities the adoption of the amendment permitting cities to apply for designation as "housing credit shortage areas" may make GI loans available to minority groups which now suffer a maximum need for home-loan borrowings. It is my hope that the administrator of this program will seriously consider the needs of these veterans who have been almost completely disregarded in the housing program to date.

While I vigorously protest the three-stage inflationary rise in interest rates which will be precipitated by this legislation, I believe that it is essential to the veteran and to the economy that there be a revitalization in the GI home build-

ing program. I hope that this measure will live up to promised expectations in that regard.

Mr. MONAGAN. Mr. Chairman, I shall vote for H.R. 2256. I did favor and support the amendment which would have eliminated direct loans. The record shows that this provision would have no practical application to Connecticut. In addition, I very strongly favor the provisions permitting an increase in interest rates because I feel that this increase will start bank funds growing out in the form of GI loans and that the direct loan provision will be rendered more or less academic. Finally, I know that in my section, existing lending institutions will adequately do the job of servicing these veterans applications and I see no need for governmental intervention in this field.

Mr. FLYNN. Mr. Chairman, citizens of Wisconsin have for many months been deeply concerned with the ever-increasing spiral in the cost of living. Inflation is becoming a major threat to the American economy. Inflation is brought about through ever-increasing prices of commodities and the resulting need for increased wages to permit working men and women to keep pace with the increased cost of living. This ceaseless price and wage increase has been a major cause of the high cost of living in America today.

We here in Congress have witnessed this year another cause of the inflationary spiral and in the months ahead it will become increasingly apparent to the people of the country that there are other factors contributing to the high cost of living besides higher wages and increased costs.

The Veterans' Administration was originally established as a means of enabling veterans of World War II and the Korean conflict to secure housing for themselves and their families at somewhat less than the full rate of interest. FHA financing was inaugurated to give all citizens assurance that they could provide housing for themselves and their families at a moderate cost. From the beginning, it has been understood that interest rates under FHA financing would be higher than interest rates under VA financing. We have, however, witnessed, especially in rural and urban areas, a virtual refusal of capital to enter into the VA program of financing. Banks, building and loan companies, and other financial institutions have and are refusing to make VA loans at the current interest rate of 4¼ percent. This rate is only one-half of 1 percent lower than the FHA interest rate and this rate has already been raised several times by previous Congresses.

Each time that the VA interest rate has been raised, the FHA has followed suit by increasing the interest rate on FHA loans. We have no reason to believe that the present VA interest rate increase will be met with any different response by officials of the Federal Housing Administration and I predict that the one-half of 1 percent increase in the VA interest rate will result in a similar increase in FHA loans. This will bring FHA interest rates to 5¼ percent. The

criminal part of the situation, however, is that when the Federal agency interest rates are upped, this increase is accepted by private bankers as a license to increase private interest rates to private borrowers from our Nation's banks and I predict that the 5¼ percent interest on FHA loans will, during the summer and fall of 1959, result in private interest rates to private borrowers, across the board, of 6½ percent.

This interest rate is too high. It is inflationary. It is increasing the cost of living. The borrower has less money left when making the loan than he had before—just as the housewife has fewer groceries in her shopping basket for the money spent than she had before. There have been three increases in the past 3 years and undoubtedly 1960 will see further demands by the bankers to increase—first, the VA interest rate, then the FHA interest rate, then the private loan interest rate.

It is true the bankers made little or no appearance before Congress. They did not need to—for they had the American Legion and some other veterans' organizations, not including the VFW, and the National Association of Building Contractors to fight their battle for them.

I view this increase in the cost of using money with alarm. I view it as such because it has a direct effect upon inflation which besets our economy. I view it as such because the very people who are complaining loudest about the cost-wage inflationary spiral are the same people who championed for the fourth time the interest inflationary spiral.

I am for loans for the veterans at a moderate cost. I do not consider 5¼ percent interest a moderate cost to a veteran. This is especially true when the veteran is required to pay from 2 to 11 points for the privilege of getting the veteran's loan. We have failed in granting this increase to hold the line against inflation.

I, like many others who voted for this bill, did so because it represents the only way Congress provided of enabling veterans to get any loans at all, and because the bill carried a direct loan provision of \$300 million. This provision will enable veterans in rural and urban areas to secure loans. The money market in these areas has dried up and without this direct loan provision, the Veterans' Housing Act is of no value to veterans who do not live in the large centers of population.

Mr. TEAGUE of Texas. Mr. Chairman, I move that the Committee do now rise.

The CHAIRMAN. Under the rule the Committee rises.

Accordingly, the Committee rose, and the Speaker having resumed the chair, Mr. THORNBERRY, 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. 2256) to amend chapter 37 of title 38, United States Code, to provide additional funds for direct loans; to remove certain requirements with respect to the rate of interest on guaranteed loans; and for other pur-

poses, pursuant to House Resolution 154, he reported the bill back to the House with sundry amendments adopted in the Committee of the Whole.

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

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

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

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

Mr. TEAGUE of California. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. TEAGUE of California. I am.

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

The Clerk read as follows:

Mr. TEAGUE of California moves to recommit the bill to the Committee on Veterans Affairs with instructions to report the same back forthwith with the following amendment: Strike out all of section 1.

The SPEAKER. Without objection the previous question is ordered.

There was no objection.

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

Mr. HALLECK. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken and there were—yeas 123, nays 277, not voting 34, as follows:

[Roll No. 4]

YEAS—122

Adair	Devine	Mumma
Alger	Doyle	Nelsen
Allen	Dwyer	Norblad
Arends	Fenton	O'Brien, N.Y.
Auchincloss	Ford	Osmer
Avery	Frelinghuysen	Ostertag
Ayres	Glenn	Pelly
Baker	Griffin	Pillion
Barry	Gross	Pirnie
Eass, N.H.	Gubser	Poff
Bates	Halleck	Quile
Baumhart	Henderson	Ray
Becker	Hess	Reece, Tenn.
Belcher	Hiestand	Rees, Kans.
Bentley	Hoeven	Rhodes, Ariz.
Berry	Hoffman, III.	Riehlman
Betts	Hoffman, Mich.	Robison
Boland	Holt	St. George
Bolton	Horan	Schenck
Bosch	Hosmer	Scherer
Bow	Johansen	Schwengel
Broomfield	Jonas	Short
Brown, Ohio	Judd	Simpson, Ill.
Broyhill	Keith	Simpson, Pa.
Budge	Kilburn	Smith, Kans.
Byrnes, Wis.	Lafore	Springer
Cahill	Laird	Taber
Cederberg	Langen	Teague, Calif.
Chamberlain	Latta	Thomson, Wyo.
Chenoweth	Lindsay	Tollefson
Chipperfield	Lipscomb	Utt
Church	McCulloch	Van Pelt
Collier	McDonough	Wainwright
Conte	McIntire	Wallhauser
Cramer	Mack, Wash.	Weaver
Cunningham	Mailliard	Weis
Curtin	Mason	Westland
Curtis, Mass.	May	Wharton
Dague	Michel	Widnall
Derounian	Milliken	Wilson
Derwinski	Minshall	Younger

NAYS—277

Abbott	Anderson,	Baldwin
Abernethy	Mont.	Barden
Addonizio	Andrews	Baring
Albert	Anfuso	Barr
Alexander	Ashley	Bass, Tenn.
Alford	Ashmore	Beckworth
Andersen,	Aspinall	Bennett, Fla.
Minn.	Bailey	Bennett, Mich.

Blatnik
Blitch
Boggs
Bolling
Bonner
Bowles
Boykin
Boyle
Brademas
Bray
Breeding
Brewster
Brock
Brooks, La.
Brooks, Tex.
Brown, Ga.
Brown, Mo.
Burdick
Burke, Ky.
Burke, Mass.
Burleson
Byrne, Pa.
Canfield
Cannon
Casey
Celler
Clark
Coad
Coffin
Cohelan
Colmer
Cooley
Corbett
Daddario
Daniels
Davis, Ga.
Davis, Tenn.
Delaney
Dent
Denton
Diggs
Dingell
Dollinger
Dorn, N. Y.
Dorn, S. C.
Dowdy
Downing
Doyle
Dulski
Durham
Edmondson
Elliott
Everett
Evins
Fallon
Fascell
Feighan
Fino
Fisher
Flood
Flynn
Foynt
Foley
Forand
Forrester
Fountain
Frazier
Friedel
Fulton
Gallagher
Garmatz
Gary
Gathings
Gavin
George
Gialmo
Granahan
Grant
Gray
Green, Oreg.
Griffiths
Haley
Hall
Halpern
Hardy
Hargis

Harmon
Harris
Harrison
Hays
Healey
Hébert
Hechler
Hemphill
Herlong
Hogan
Hollifield
Holland
Holtzman
Huddleston
Hull
Ikard
Irwin
Jarman
Jennings
Johnson, Calif.
Johnson, Colo.
Johnson, Md.
Johnson, Wis.
Jones, Ala.
Jones, Mo.
Karsten
Karth
Kasem
Kastenmeyer
Kearns
Kee
Kelly
Keogh
Kilday
Kilgore
King, Calif.
King, Utah
Kirwan
Kitchin
Kluczynski
Knox
Kowalski
Landrum
Lane
Lankford
Lesinski
Levering
Libonati
Loser
McCormack
McDowell
McFall
McGinley
McGovern
McMillan
Macdonald
Machrowicz
Mack, Ill.
Madden
Magnuson
Mahon
Marshall
Matthews
Morrow
Metcalf
Meyer
Miller
Clement W.
Miller
George P.
Mills
Mitchell
Moeller
Monagan
Montoya
Moore
Moorhead
Morgan
Morris, N. Mex.
Morris, Okla.
Moss
Moulder
Multer
Murphy
Natcher
Nix

Norrell
O'Brien, Ill.
O'Hara, Ill.
O'Hara, Mich.
O'Konski
O'Neill
Oliver
Patman
Perkins
Pfost
Philbin
Pilcher
Poage
Polk
Porter
Price
Prokop
Pucinski
Quigley
Rabaut
Rains
Reuss
Rhodes, Pa.
Riley
Rivers, Alaska
Rivers, S. C.
Roberts
Rodino
Rogers, Colo.
Rogers, Fla.
Rogers, Mass.
Rogers, Tex.
Rooney
Roosevelt
Rostenkowski
Roush
Rutherford
Santangelo
Saund
Saylor
Scott
Selden
Shelley
Sheppard
Shipley
Sikes
Siler
Sisk
Slack
Smith, Iowa
Smith, Miss.
Smith, Va.
Spence
Staggers
Steed
Stratton
Stubblefield
Sullivan
Teague, Tex.
Teller
Thomas
Thompson, La.
Thompson, N. J.
Thompson, Tex.
Thornberry
Toll
Trimble
Udall
Ullman
Vanik
Van Zandt
Vinson
Walter
Wampler
Watts
Wier
Williams
Willis
Winstead
Wolf
Wright
Yates
Zablocki

NOT VOTING—34

Barrett
Buckley
Bush
Carnahan
Carter
Chief
Cook
Curtis, Mo.
Dawson
Dixon
Donohue
Farbstein

Fogarty
Green, Pa.
Hagen
Jackson
Jensen
Lennon
McSween
Martin
Meador
Miller, N. Y.
Morrison
Murray

Passman
Powell
Preston
Reed
Smith, Calif.
Taylor
Whitener
Whitten
Withrow
Zelenko

The Clerk announced the following pairs:
On this vote:
Mr. Smith of California for, with Mr. Preston against.
Mr. Reed for, with Mr. Green of Pennsylvania against.

Until further notice:
Mr. Carter with Mr. Martin.
Mr. Whitener with Mr. Taylor.
Mr. Farbstein with Mr. Bush.
Mr. Fogarty with Mr. Miller of New York.
Mr. Zelenko with Mr. Meador.
Mr. Whitten with Mr. Jackson.
Mr. Morrison with Mr. Jensen.
Mr. Barrett with Mr. Dixon.
Mr. Donohue with Mr. Curtis of Missouri.
Mr. Carnahan with Mr. Withrow.

The result of the vote was announced as above recorded.
The SPEAKER. The question is on the passage of the bill.
Mr. HALEY. Mr. Speaker, on that I ask for the yeas and nays.
The yeas and nays were ordered.
The question was taken and there were—yeas 310, nays 89, not voting 35, as follows:

[Roll No. 5]
YEAS—310

Abbutt
Abernethy
Adair
Addonizio
Albert
Alexander
Alford
Andersen, Minn.
Anderson, Mont.
Andrews
Anfuso
Ashley
Ashmore
Aspinall
Bailey
Baker
Baldwin
Barden
Baring
Barr
Bass, Tenn.
Bates
Baumhart
Beckworth
Belcher
Bennett, Fla.
Bennett, Mich.
Bentley
Betts
Blatnik
Blitch
Boggs
Boland
Bolling
Bonner
Bowles
Boykin
Boyle
Brademas
Bray
Breeding
Brewster
Brock
Brooks, La.
Brooks, Tex.
Brown, Ga.
Brown, Mo.
Brown, Ohio
Broyhill
Burdick
Burke, Ky.
Burke, Mass.
Burleson
Byrne, Pa.
Cahill
Canfield
Cannon
Casey
Celler
Chenoweth
Clark
Coad

Coffin
Cohelan
Colmer
Cooley
Corbett
Curtin
Curtis, Mass.
Daddario
Dague
Daniels
Davis, Ga.
Davis, Tenn.
Delaney
Dent
Denton
Diggs
Dingell
Dollinger
Dorn, N. Y.
Dorn, S. C.
Downing
Doyle
Dulski
Durham
Jones, Ala.
Jones, Mo.
Karsten
Karth
Kasem
Kastenmeyer
Kearns
Kee
Kelly
Keogh
Kilday
Kilgore
King, Calif.
King, Utah
Kirwan
Kitchin
Kluczynski
Knox
Kowalski
Landrum
Lane
Langen
Lankford
Latta
Lesinski
Levering
Libonati
Loser
McCormack
McCulloch
McDowell
McFall
McGinley
McGovern
McMillan
McSween
Gubser
Haley
Hall
Halpern
Hardy

Hargis
Harmon
Harris
Harrison
Hays
Healey
Hébert
Hechler
Hemphill
Herlong
Hogan
Hollifield
Holland
Holtzman
Huddleston
Hull
Ikard
Irwin
Jarman
Jennings
Johnson, Calif.
Johnson, Colo.
Johnson, Md.
Johnson, Wis.
Jones, Ala.
Jones, Mo.
Karsten
Karth
Kasem
Kastenmeyer
Kearns
Kee
Kelly
Keogh
Kilday
Kilgore
King, Calif.
King, Utah
Kirwan
Kitchin
Kluczynski
Knox
Kowalski
Landrum
Lane
Langen
Lankford
Latta
Lesinski
Levering
Libonati
Loser
McCormack
McCulloch
McDowell
McFall
McGinley
McGovern
McMillan
McSween
Gubser
Haley
Hall
Halpern
Hardy

Mahon
Maillard
Marshall
Matthews
Morrow
Metcalf
Meyer
Miller
Clement W.
Miller
George P.
Milliken
Mills
Mitchell
Moeller
Monagan
Montoya
Moore
Moorhead
Morgan
Morris, N. Mex.
Morris, Okla.
Moss
Moulder
Multer
Murphy
Natcher
Nix
Norrell
O'Brien, Ill.
O'Brien, N. Y.
O'Hara, Ill.
O'Hara, Mich.
O'Konski
O'Neill
Oliver
Patman
Perkins
Pfost
Philbin
Pilcher

Pirnie
Poage
Polk
Porter
Price
Prokop
Pucinski
Quile
Quigley
Rabaut
Rains
Reece, Tenn.
Reuss
Rhodes, Pa.
Riley
Rivers, Alaska
Rivers, S. C.
Roberts
Rodino
Rogers, Colo.
Rogers, Fla.
Rogers, Mass.
Rogers, Tex.
Rooney
Roosevelt
Rostenkowski
Roush
Rutherford
Santangelo
Saund
Saylor
Schenck
Scott
Selden
Shelley
Sheppard
Shipley
Sikes
Siler
Sisk
Slack

NAYS—89

Alger
Allen
Arends
Auchincloss
Avery
Ayres
Barry
Bass, N. H.
Becker
Berry
Bolton
Bosch
Bow
Broomfield
Budge
Byrnes, Wis.
Cederberg
Chamberlain
Chiperfield
Church
Collier
Conte
Cramer
Cunningham
Derounian
Derwinski
Devine
Dooley
Ford
Frelinghuysen

Griffin
Halleck
Henderson
Hess
Hiestand
Hoeven
Hoffman, Ill.
Hoffman, Mich.
Holt
Horan
Hosmer
Johansen
Jonas
Judd
Keith
Kilburn
Lafore
Laird
Lindsay
Lipscomb
McDonough
McIntire
Macdonald
Mack, Wash.
Mason
May
Michel
Minshall
Mumma
Nelsen

NOT VOTING 35

Barrett
Buckley
Bush
Carnahan
Carter
Chief
Cook
Curtis, Mo.
Dawson
Dixon
Donohue
Evins

Farbstein
Fogarty
Green, Pa.
Hagen
Jackson
Jensen
Lennon
Martin
Meador
Miller, N. Y.
Morrison
Murray

Smith, Iowa
Smith, Miss.
Spence
Staggers
Steed
Stratton
Stubblefield
Sullivan
Teague, Tex.
Teller
Thomas
Thompson, La.
Thompson, N. J.
Thompson, Tex.
Thornberry
Toll
Tollefson
Trimble
Tuck
Udall
Ullman
Vanik
Van Zandt
Vinson
Wallhauser
Walter
Wampler
Watts
Weaver
Westland
Widnall
Wier
Williams
Willis
Winstead
Wolf
Wright
Yates
Young
Zablocki

Norblad
Osmer
Ostertag
Pelly
Pillion
Poff
Ray
Rees, Kans.
Rhodes, Ariz.
Riehlman
Robison
St. George
Scherer
Schwengel
Short
Simpson, Ill.
Simpson, Pa.
Smith, Kans.
Springer
Taber
Teague, Calif.
Thomson, Wyo.
Utt
Van Pelt
Wainwright
Weis
Wharton
Wilson
Younger

So the bill was passed.
The Clerk announced the following pairs.
On this vote:
Mr. Preston for, with Mr. Smith of California against.
Mr. Buckley for, with Mr. Reed against.

Until further notice:
Mr. Carter with Mr. Bush.
Mr. Barrett with Mr. Martin.
Mr. Green of Pennsylvania with Mr. Miller of New York.

So the motion to recommit was rejected.

Mr. Whitener with Mr. Taylor.
Mr. Farbstein with Mr. Withrow.
Mr. Fogarty with Mr. Meader.
Mr. Zelenko with Mr. Curtis of Missouri.
Mr. Morrison with Mr. Jackson.
Mr. Donohue with Mr. Jensen.
Mr. Carnahan with Mr. Dixon.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. TEAGUE of Texas. Mr. Speaker, I ask unanimous consent that all Members may have 3 legislative days within which to extend their remarks in the body of the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

AUTHORIZING CLERK TO CORRECT PARAGRAPH AND SECTION NUMBERS OF H.R. 2256

Mr. TEAGUE of Texas. Mr. Speaker, I ask unanimous consent that the Clerk be authorized in the engrossment of the bill to correct paragraphs and sections thereof because of the amendment offered by the gentleman from New York [Mr. MULTER].

The SPEAKER. Without objection, it is so ordered.

There was no objection.

EXTENDING PROVISIONS OF UNIVERSAL MILITARY TRAINING AND SERVICE ACT, PERSONNEL STRENGTHS OF THE ARMED FORCES, AND DEPENDENTS ASSISTANCE ACT OF 1950

Mr. COLMER. Mr. Speaker, by direction of the Committee on Rules, I call up the resolution (H. Res. 153) providing for the consideration of H.R. 2260, a bill to extend until July 1, 1963, the induction provisions of the Universal Military Training and Service Act; the provisions of the act of August 3, 1950, suspending personnel strengths of the Armed Forces; and the Dependents Assistance Act of 1950, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 2260) to extend until July 1, 1963, the induction provisions of the Universal Military Training and Service Act; the provisions of the act of August 3, 1950, suspending personnel strengths of the Armed Forces; and the Dependents Assistance Act of 1950. After general debate, which shall be confined to the bill, and shall continue not to exceed five hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as

ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. COLMER. Mr. Speaker, I yield the usual 30 minutes to the gentleman from Illinois [Mr. ALLEN] and I now yield myself such time as I may briefly consume.

Mr. Speaker, this is a resolution to extend the draft, as it is commonly known. The bill would provide briefly for the extension of this authority to induct our young men into the armed services for a period of 4 years. It would extend the so-called doctor's draft law from its present expiration date, July 1, 1959, to July 1, 1963, a period of 4 years. It extends the suspension on a strength limitation of the Armed Forces from the present termination date to 1963. It extends the Dependents Assistance Act. Briefly, that is what the bill does.

Now, in the hearing before the Committee on Rules there was no opposition expressed to that committee in the granting of a rule for the extension of the act itself, although there was some testimony to the effect that possibly it should be limited to a 2-year period.

I am one of those who will go along with this bill reluctantly. I say reluctantly because I regret the necessity for the continuation of the so-called draft; but as long as we have the situation that exists in the world today; that is, a bad neighbor on the other side for whom this country did so much when it had its back against the wall, we must have adequate defense for the possibility—and I use the word advisedly—of an attack from that potential enemy.

Frankly, I still subscribe to the theory that the Russians want neither war or peace but that they want to make us spend ourselves into bankruptcy and then take over in the ensuing chaos, a statement I have been making in the well of this House for the past 12 years. On the other hand, we cannot take the chance of not being prepared to prevent their provoking hostilities, because if we become too weak they would take advantage of that situation and would overrun us, if necessary.

Mr. Speaker, I repeat, I regret the necessity for an extension of this legislation which would draft our young men into service and interrupt the orderly continuity of their lives, but with the situation being what it is and this being the fairest method of approach to military service, I urge the adoption of this resolution and ask for the careful consideration of the bill itself.

Mr. Speaker, I reserve the remainder of my time.

Mr. ALLEN. Mr. Speaker, this rule makes in order consideration of H.R. 2260, a bill to extend until July 1, 1963, the Universal Military Training and Service Act. It is an open rule and provides for 5 hours of general debate. The Rules Committee provided for long debate because they realized this bill is extremely controversial.

Some believe the present law is discriminatory and inequitable; that it is inefficient and is administered extravagantly and wastefully.

Other conscientious people believe conscription is alien to the American tradition.

For these reasons an open rule is provided making the bill open to amendments.

While I am aware that some are opposed to this bill I am not aware of any one opposing the rule.

Mr. ALLEN. Mr. Speaker, I yield 5 minutes to the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Speaker, I ask unanimous consent to proceed out of order.

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

There was no objection.

Mr. GROSS. Mr. Speaker, there has been a good deal of talk this afternoon about the Federal deficit. There is another spending scheme that we will be called upon to take over, and it should be of interest to every Member of Congress.

About a month ago there was established in the United Nations a new agency called the Special Fund which hopes to have \$2 billion to \$5 billion to hand out annually. Named as managing director is one, Paul G. Hoffman, and he is peculiarly fitted for the job. He could not make a success of the Studebaker company so, in 1949, President Truman made him the directing genius of the foreign giveaway setup—the Economic Cooperation Administration, as it was then known.

What could be more fitting? Hoffman could not make a success of his own business so he was given the job of distributing billions of dollars to panhandlers all over the world.

Then came 1952, and this top-graded employee of the New Deal internationalists showed up as a modern Republican. Since then he has fitted in and out of the Eisenhower administration with the greatest of ease, as have others who were bosom pals of the New Dealers when they were riding high in the White House.

Now Hoffman has landed on his feet again, undoubtedly with White House approval, as managing director of the innocuous-sounding United Nations Special Fund. What does Hoffman want? As we said earlier—only \$2 billion to \$5 billion a year.

Where are these billions to be obtained? They are to be drawn, says Hoffman, from individual Government lending agencies such as the World Bank, American foreign aid, and private investment.

But the Chicago Tribune news service quotes Hoffman as saying: "We will take money wherever we can get it."

No one knowing the record will doubt that.

Already, funds from one specific source are assured. The U.N. General Assembly, when it set up the Special Fund, specified that 40 percent of the costs are to be defrayed by the United States and the rest by other contributing governments.

What other contributing governments? If experience with some other U.N. funds is any criterion, American

taxpayers will put up the cash and anything else contributed will be the air in the bag they have been left holding.

Incidentally, this is another example of how an aggregation of foreigners, plus some of our own internationalists, can sit down in New York or some far away place and vote what amounts to an indirect tax levy on the American people.

What is the purpose of this United Nations Special Fund? To aid "underdeveloped countries," of course, and it is reported that Hoffman is showing great interest in the development of the lower Mekong River Basin which stretches for 2,800 miles through Cambodia, Laos, Thailand, and Vietnam.

From South Bend, Ind., to the United Nations in New York, to the Mekong River in southeast Asia is quite a jump even for a more than ordinary dogooder, but with a few stopovers in Washington, with the proper New Deal-modern Republican approach, and with the experience of spending a few billions of other people's money, it appears that the necessary agility can be developed.

We would like to put the Appropriations Committee on notice now that when the spending bills come rolling to the House floor we will be looking for further information concerning this new multi-billion-dollar special fund and the activities in connection therewith of Managing Director Paul G. Hoffman.

Mr. ALLEN. Mr. Speaker, I yield 3 minutes to the gentlewoman from Massachusetts [Mrs. ROGERS].

Mrs. ROGERS of Massachusetts. Mr. Speaker, I shall vote for this rule. I remember one night a good many years ago when the draft bill came up for debate. I remember the extreme tenseness of the House, the feeling of opposition to the draft, but I voted for it and I remember that that bill passed by only one vote.

Sometime I would like to tell some of the Members of the arguments I heard before the bill came up. I never regretted that vote for one instant because we were viciously attacked by Japan just a few weeks afterward.

Today a little Boy Scout named Murphy from my district gave me one of the Scout pins that we see in the lapels of so many Members of the House and I was very proud.

That boy is 12 years old, one of the finest youngsters I have ever seen. He is learning to speak Russian in order to understand the Russian people so that we may be protected. He knows a good deal of Russian as it is. After talking with him I could not vote for anything but continuation of the draft, unpleasant as it may be. He is preparing every way he can. He sets a great example.

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

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

TO AMEND SECTION 200 OF THE SOLDIERS' AND SAILORS' CIVIL RELIEF ACT OF 1940

Mr. VINSON. Mr. Speaker, I ask unanimous consent that H.R. 3313, to

amend section 200 of the Soldiers' and Sailors' Civil Relief Act of 1940 to permit the establishment of certain facts by a declaration under penalty of perjury in lieu of an affidavit, which was referred to the Committee on Armed Services, be rereferred to the Committee on Veterans' Affairs.

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

There was no objection.

FIRE SAFETY IN THE SCHOOLS OF THE DISTRICT OF COLUMBIA

The SPEAKER. Under previous order of the House, the gentleman from New Jersey [Mr. AUCHINCLOSS] is recognized for 20 minutes.

Mr. AUCHINCLOSS. Mr. Speaker, under the law the Congress of the United States is responsible for the welfare and protection of the District of Columbia, and I have always considered it a great privilege to serve on the committee in Congress which has this responsibility under its jurisdiction. Accordingly, when the country was shocked by the tragic fire which occurred in Chicago on December 1, 1958, when some 90 schoolchildren were trapped and met their death in a devastating fire, I was reminded of my own responsibility as a member of the Committee on the District of Columbia and I decided to find out if the schools in the District were properly equipped and secured against any similar tragedy. Even though investigations of the cause of the Chicago fire revealed there were no violations of the law or regulations, nevertheless it was disclosed that that particular school building did not have the fire safety provisions required of new structures, and such a revelation gives one pause for thought. Schoolchildren are entitled to every protection possible no matter when their school building may have been built and it is the duty of the Congress as the responsible governing body of the District to see that they get it.

Therefore, under date of December 3, 1958, I addressed a letter to M. H. Sutton, Fire Chief of the District of Columbia, asking about the fire safety conditions in all the schools in the District—public, private, and parochial. A copy of my letter to the Chief is appended at the end of my remarks, marked "Exhibit A."

In reply to my letter Chief Sutton sent the Fire Marshal of the District, Raymond C. Roberts, to see me, and I had a most informative and frank discussion with him. As a result of our talk, Fire Marshal Roberts submitted a report to Chief Sutton, dated January 21, 1959, and the Chief sent a copy of it to me in a letter dated January 23, 1959. This report is printed at the close of my remarks, exhibit B.

I would like to point out some of the features of this report that should have the prompt attention of the District Committee.

The Fire Marshal advises:

Enclosing of all vertical shafts such as stairways and elevator shafts and providing floor fire cutoffs with fire doors plus the installation of an automatic sprinkler system

is the only way to hold to a minimum the loss of life and property from fire in the older non-fire-resistive constructed buildings.

This statement by an expert is a matter for close and thorough consideration by the District Committee which I am sure will be undertaken.

Under the title of "Fire Doors" the Fire Marshal reports that:

Fire doors are required to be installed by the building code of the District of Columbia in every new school erected. New construction is not the problem confronting us today.

He reports further that—

As of this year, with the already available funds, it is expected that every elementary school coming under the District of Columbia Board of Education will be equipped with interior enclosed stairways.

This, of course, is most reassuring, but he goes on to say:

To the best of my knowledge there is no such plan or program to bring the private and parochial schools up to present code requirements.

This state of affairs should be corrected and there is no doubt that our committee will give it appropriate attention.

The Fire Marshal calls attention to an exception made in certain instances to the use of fire extinguishers as follows:

Fire extinguishers are required to be installed in every school by the building code of the District of Columbia with the exception of buildings not more than two stories in height having enclosed stairs and having a gross floor area in the second story of not more than 3,000 square feet.

I am pleased to note the following statement in this report, however, but I wonder if the recommendation should not have the force and the authority of law back of it:

In an effort to correct this, the Fire Chief will recommend to the Director, Department of Licenses and Inspections, District of Columbia, that the building code of the District of Columbia be amended by deleting the above referred to exception.

To the best of our knowledge all schools with the exception of those schools used which do not require extinguishers because of the exception in the code, are provided with fire extinguishers, adequate in number of an approved type, and maintained properly.

In speaking of the local private fire alarm system, the Fire Marshal reports that:

Private fire alarm systems (for evacuation purposes only) are required to be installed in every school by the building code of the District of Columbia with the exception of buildings not more than two stories in height having enclosed stairs and having a gross floor area in the second story of not more than 3,000 square feet.

It is good to have the assurance which follows that:

To the best of our knowledge all schools with the exception of those schools used which do not require private fire alarm systems because of the exception in the code, are provided with local fire alarm systems in an operable condition.

The exception provided for in this rule should have the attention and study of the committee.

Emergency lighting, of course, is important and Fire Marshal Roberts reports in part as follows on this matter:

The requirements as to when they (light) shall be used as well as exceptions as to when it will not be necessary to have the lights burning are contained in the electrical code of the District of Columbia. It is my feeling that these exceptions to the code and indefinite requirements are unwarranted, and in an effort to correct this, the Fire Chief will recommend to the Director, Department of Licenses and Inspections, District of Columbia, that all reference to maintenance of emergency lights be deleted from the electrical code. Simultaneously a recommendation will be made to make the maintenance of emergency lighting a part of the police regulations thereby making it a responsibility of the Fire Department.

Why any exceptions should be made in emergency lighting should have the careful consideration of the committee.

Everyone knows that fire exit drills are most important and I have always thought they were a regular part of the school curriculum so I was not only surprised but somewhat startled to read this in the Fire Marshal's report:

Schools under the public school system in my opinion hold an adequate number of fire exit drills during the course of each school year, however, the occurrence of such drills during the first 3 months of school is a matter of concern. Private and parochial schools do not, in my opinion, hold an adequate number of fire exit drills during the course of each school year. Inquiry has developed the facts that fire exit drills are not held with the frequency deemed adequate. At the present time there are no regulations requiring fire exit drills.

Something must be done to correct this situation even if it is necessary to enact a law to bring this about; I am surprised to learn from the report that the executives of some schools do not consider this important.

In the event of a fire perhaps the most important factor to prevent panic and save life is the facility to summon the fire department; any delay in securing its aid may well be disastrous. The following excerpt from the Fire Marshal's report is most disturbing.

Facilities for calling the fire department are generally limited to the use of the telephone or by sounding an alarm through the use of a municipal fire alarm box. A municipal fire alarm box within a reasonable distance (300 feet) is not available at every school nor does every school have a telephone. The telephone alone should not be accepted as adequate for the transmission of an alarm of fire. A municipal fire alarm box connected directly with the fire department is the most reliable form of transmitting an alarm of fire.

As far as I can learn there are 83 school buildings that either have no telephone or are located further than 300 feet from any municipal fire alarm box. This is a most serious matter and should be corrected without delay. I am in favor of a law requiring that a fire alarm box be installed in every school building, hospital, nursing home, and place of assembly in the District. In that way as nearly as is humanly possible assistance is assured without delay, many injuries avoided and lives saved.

These are a few of the highlights of this excellent and informative report,

CV—115

and I hope my colleagues will read it and add their comments, criticisms, and suggestions for the benefit of the District Committee. I know I speak for the members of this committee when I say that they are as interested as I am in the welfare and protection of our children and of the sick in the District of Columbia. I am confident that the District Committee will go into all these matters with scrupulous care, and if legislation is indicated, will present it promptly to the House for its consideration.

EXHIBIT A

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., December 3, 1958.

Chief MILLARD H. SUTTON,
District of Columbia Fire Department,
Washington, D.C.

DEAR CHIEF SUTTON: In the light of the recent horrible fire disaster in Chicago it is natural that we should do everything possible to see that our own city is properly safeguarded. Therefore, as the ranking minority member of the Committee on the District of Columbia, I am writing to ask you as Fire Chief of the District of Columbia if provisions for safety against fire are fully carried out by all the schools in the District of Columbia, including public, parochial, and private schools.

Are all these schools equipped with adequate fire escapes, fire doors, fire extinguishers, fire alarms, etc. and do they have adequate fire drills? Are facilities also at hand to summon the fire department in case of emergency? In addition to that, I would request your opinion as to whether the fire safety laws covering all the schools in the District of Columbia are adequate and if not, in what respect should they be amended?

I am fully aware of your keen interest in this matter and of your extraordinarily fine and competent service as Fire Chief to the people of the District of Columbia and I feel sure that you would welcome any effort to improve our situation here so that a disaster such as has just occurred in Chicago would not occur.

Thanking you for your cooperation and with my warmest personal regards, I am,

Sincerely yours,

JAMES C. AUCHINCLOSS,
Member of Congress.

EXHIBIT B

GOVERNMENT OF THE
DISTRICT OF COLUMBIA,
FIRE DEPARTMENT,
Washington, D.C., January 23, 1959.

JAMES C. AUCHINCLOSS,
Member of Congress,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN: Attached find reports from our Fire Marshal, which I hope will answer the questions in your letter of December 3, 1958.

I am sorry that my reply to you was delayed until this time.

Sincerely,

M. H. SUTTON,
Fire Chief.

FIRE PREVENTION DIVISION,
January 21, 1959.

Re fire safety in schools in the District of Columbia.

TO FIRE CHIEF,
District of Columbia Fire Department:

Information of record indicates that the following list comprises the number and type of schools within the District of Columbia.

Public schools under the jurisdiction of the District of Columbia Board of Education:

Elementary (including Americanization and Health), 123.

Elementary annexes and demountables, 11.
Junior high schools, 23.

Senior high schools (including Veterans High), 10.

Vocational high schools, 5.

Teachers College, 1.

Schools under the jurisdiction of the Office of Education, Archdiocese of Washington, located within the District of Columbia:

Elementary, 32.

Secondary, 16.

Special schools, 4.

Universities, 2.

Colleges, 4.

Schools under the jurisdiction of private owners and operators:

Elementary (includes some parochial), 19.
Secondary and secondary technical, 30.

Colleges (includes U.S. Government—Gallaudet), 2.

Universities (includes some U.S. Government—Howard), 5.

There are various other adult educational institutions which are located in buildings used for other purposes such as office buildings. These occupancies are not listed due to the fact that the buildings in which these schools are located come under occupancy requirements of the major occupancy of the building and have a limitation on the number of students in keeping with available exit facilities.

There are 90 day-care (nursery schools) groups for children whose ages range anywhere from 2 to 6 years, and attendance ranges anywhere from 6 to 200 students. These day care groups are located in all types of occupancies such as private homes, churches, rooms in apartment buildings, etc. This particular type of school, or group as it is called, is under the direct supervision of the Department of Public Health, Bureau of Maternal and Child Health, Child Care Standards Section.

An inspection is made by the Fire Department at least once a year of every known day care group (nursery school) location, and any conditions found that are contrary to any law or regulation are ordered corrected or brought to the attention, in writing, of the department or agency responsible for having the conditions corrected.

In reply to the specific questions outlined in the letter from Congressman AUCHINCLOSS, I will attempt to answer these questions in the same order that they were presented:

1. Fire escapes.
2. Fire doors.
3. Fire extinguishers.
4. Fire alarms.
5. Emergency lighting.
6. Fire drills.
7. Facilities available to call the fire department.
8. The adequacy of fire safety laws for schools.
9. Any recommendations for amendments to laws.

FIRE ESCAPES

Outside fire escapes or interior fire stairways are required to be installed in or on every school by the building code of the District of Columbia. If the building was erected and used as a school prior to March 8, 1946, outside fire escapes were permitted. Since that date all school buildings erected or buildings converted to school use have interior fire stairways or exterior screened fire stairways.

The fact that a building has an outside fire escape is no assurance as to the safety of the occupants therein. The very presence of an outside fire escape indicates immediately that the building is deficient in safe egress facilities thereby necessitating the installation of an outside fire escape.

Outside fire escapes present many problems not generally known, such as not being lighted for use during the night time, subjected to all kinds of weather, snow and ice; not suited for use by young children, aged, infirm, or crippled persons.

Any fire in a room leading onto a fire escape may render the entire fire escape unusable due to fire coming out of a window below onto fire escape.

Movable drop ladder from last landing to ground is controlled by counterbalanced weights on cable passing over at least two pulleys. To operate, it is necessary for a person to offset the counterbalance and allow the ladder to go to the ground.

The installation of fire escapes is definitely not the answer to life safety in non-fire-resistant constructed buildings having inadequate safe egress facilities for a high life hazard occupancy.

Enclosing of all vertical shafts such as stairways and elevator shafts and providing floor fire cutoffs with fire doors plus the installation of an automatic sprinkler system is the only way to hold to a minimum the loss of life and property from fire in the older non-fire-resistant constructed buildings.

FIRE DOORS

Reference made to fire doors in this statement will be limited to fire doors on stairways because I feel that the most important problem with regards to doors is the presence or lack of fire doors on stairways.

Fire doors are required to be installed by the building code of the District of Columbia in every new school erected. New construction is not the problem confronting us today.

The major problem is those buildings erected prior to the date of enactment of code requirements for enclosed stairways and installation of fire doors.

The District of Columbia Board of Education instituted a program in the public schools some 8 years ago to enclose stairways and install fire doors in all schools deficient in this respect and eliminate other known fire hazards.

This program has gone forward for the past 8 years in keeping with budget allowances and as of this year, with the already available funds, it is expected that every elementary school coming under the District of Columbia Board of Education will be equipped with interior enclosed stairways.

Budget requests will be made each succeeding year until every school under the jurisdiction of the District of Columbia Board of Education has been equipped with enclosed stairways and other known fire hazards eliminated.

To the best of my knowledge there is no such plan or program to bring the private and parochial schools up to present code requirements.

A building code with retroactive features applicable to certain existing buildings is the only method I know to bring these buildings up to an equivalent of the safety standards as the present code requires for new construction.

FIRE EXTINGUISHERS

Fire extinguishers are required to be installed in every school by the building code of the District of Columbia with the exception of buildings not more than two stories in height having enclosed stairs and having a gross floor area in the second story of not more than 3,000 square feet.

Due to the high life hazard involved in any assembly of persons inside of any building, irrespective of height, it is my feeling that the exception made in the building code of the District of Columbia should be deleted and no exception be made whatsoever.

In an effort to correct this, the Fire Chief will recommend to the Director, Department

of Licenses and Inspections, D.C., that the building code of the District of Columbia be amended by deleting the above referred to exception.

To the best of our knowledge all schools with the exception of those schools used which do not require extinguishers because of the exception in the code, are provided with fire extinguishers, adequate in number, of an approved type and maintained properly.

PRIVATE (LOCAL) FIRE ALARM SYSTEM

Private fire alarm systems (for evacuation purposes only) are required to be installed in every school by the Building Code of the District of Columbia with the exception of buildings not more than two stories in height having enclosed stairs and having a gross floor area in the second story of not more than 3,000 square feet.

Due to the high life hazard involved in any assembly of persons inside of any building, irrespective of height, it is my feeling that the exception made in the building code of the District of Columbia should be deleted and no exceptions be made whatsoever.

In an effort to correct this, the Fire Chief will recommend to the Director, Department of Licenses and Inspections, D.C., that the building code of the District of Columbia be amended by deleting the above referred to exception.

To the best of our knowledge all schools with the exception of those schools used which do not require private fire alarm systems because of the exception in the code, are provided with local fire alarm systems in an operable condition.

EMERGENCY LIGHTING

The installation of facilities for emergency lighting is required in all schools by the Building Code of the District of Columbia and/or the Electrical Code of the District of Columbia, with the exception of buildings not more than two stories in height having enclosed stairs and having a gross floor area in the second story of not more than 3,000 square feet.

Due to the high life hazard involved in any assembly of persons inside of any building, irrespective of height, it is my feeling that the exception made in the Building Code of the District of Columbia should be deleted and no exceptions be made whatsoever.

In an effort to correct this, the fire chief will recommend to the Director, Department of Licenses and Inspections, District of Columbia, that the Building Code of the District of Columbia be amended by deleting the above referred to exception.

To the best of our knowledge all schools with the exception of those schools used which do not have the facilities due to the exceptions in the code are provided with emergency lighting or recommendations have been made to so equip.

The requirements as to when they (lights) shall be used as well as exceptions as to when it will not be necessary to have the lights burning are contained in the Electrical Code of the District of Columbia.

It is my feeling that these exceptions to the code and indefinite requirements are unwarranted, and in an effort to correct this, the Fire Chief will recommend to the Director, Department of Licenses and Inspections, District of Columbia, that all reference to maintenance of emergency lights be deleted from the electrical code. Simultaneously a recommendation will be made to make the maintenance of emergency lighting a part of the police regulations thereby making it a responsibility of the Fire Department.

FIRE EXIT DRILLS

Schools under the public school system in my opinion hold an adequate number of

fire exit drills during the course of each school year; however, the occurrence of such drills during the first 3 months of school is a matter of concern.

Private and parochial schools do not, in my opinion, hold an adequate number of fire exit drills during the course of each school year.

Inquiry has developed the facts that fire exit drills are not held with the frequency deemed adequate. At the present time there are no regulations requiring fire exit drills.

In an effort to correct this deficiency, it is to be proposed by the Fire Chief to the District of Columbia Commissioners that a regulation be adopted making it mandatory that all public, private, and parochial schools, colleges and universities or similar places of learning hold fire exit drills according to a prescribed requirement.

The adoption of such a regulation will, in my opinion, greatly improve the fire exit drill problem in all schools within the District of Columbia.

AVAILABLE FACILITIES FOR CALLING THE FIRE DEPARTMENT

Facilities for calling the fire department are generally limited to the use of the telephone or by sounding an alarm through the use of a municipal fire alarm box.

A municipal fire alarm box within a reasonable distance (300 feet) is not available at every school nor does every school have a telephone. The telephone alone should not be accepted as adequate for the transmission of an alarm of fire. A municipal fire alarm box connected directly with the fire department is the most reliable form of transmitting an alarm of fire.

Direct connection with the fire department through the medium of a municipal fire alarm box or a remote control station connected to a master box is available at 111 school buildings.

A municipal fire alarm box is located within 300 feet of 143 school buildings.

The remainder of the schools are located farther than 300 feet from any municipal fire alarm box.

The National Board of Fire Underwriters in pamphlet No. 73, July 1958, article 240, section 2434, states: "Schools, hospitals, nursing homes, and places of public assembly should have a box at or near the entrance."

At or near would certainly mean within sight of the entrance. I concur with their recommendation and have in the past made numerous recommendations in the annual public school inspection reports, that every school building should be provided with a city fire alarm box to expedite notification of the fire department. There is no law or regulation requiring such an installation but the recommendation was made as additional reliable means of notification.

Every building wherein a local fire alarm system (evacuation alarm) is installed, a sign is required directly below the striking station stating whether or not the system is connected to the municipal fire alarm system; also stating the location of the nearest municipal fire alarm box and the telephone number of the fire department.

Where a municipal fire alarm box is located within 300 feet of the entrance and visible from the sidewalk in front of the school and the location of the fire alarm box is posted as required by regulation cited above, it should be accepted as adequate for existing schools.

Locations where the distance to a municipal fire alarm box exceeds 300 feet or is hidden from view from the sidewalk in front of the school by being around the corner should not be accepted as adequate. A survey should be made and corrective action taken so as to provide a municipal fire alarm box within 300 feet of the entrance of every school, hospital, home for the aged, and simi-

lar types of occupancies. This could be accomplished by moving existing municipal fire alarm boxes or installing new ones. This program, no doubt, would require considerable expenditure of funds for material and labor and should be made a project for the immediate future.

In general, I believe that fire safety regulations as contained in the various codes and regulations as now written and applied to new construction are adequate with a few exceptions, such as those items previously referred to, and corrective action is anticipated in these instances.

There is, however, one big problem that confronts all officials charged with maintaining adequate laws and regulations insofar as fire safety is concerned, and that is the inability to require existing buildings to comply with the features required by recently enacted codes or regulations. The retroactive application of present regulations to existing structures has always been defeated on the basis of it being unreasonable to require existing buildings to comply with new code requirements.

The absurdity of exempting existing structures from compliance with fire safety laws or regulations because they were adopted at a later date was never more tragically demonstrated than by the recent school fire in Chicago. The fact that this disaster just happened to occur in Chicago should not be taken lightly by responsible officials here or elsewhere. The same sort of potential probably exists in many other locations throughout the country.

It might be said that there were no violations of law or regulations in the particular building where the 93 lives were lost, but the presence or absence of any violations of law or regulations is no measure of life safety from fire in this type of building.

I am greatly concerned about the moral violations as well as the legal ones. Property owners must be made to realize their responsibility for fire safety by laws and regulations and not permitted to ignore hazardous conditions just because they're not covered in the law. Unless they are required by law or regulations to bring a building up to certain standards, owners will not willingly or by mere persuasion spend sums of money for safeguarding their buildings from fire.

Today millions of dollars are being spent for urban renewal projects, improvement of highways, safety programs in industry and government, all of which are designed in the interest of preserving or protecting lives of human beings from disease, crime or accidents. Yet known deficiencies of high life hazards from fire are allowed to continue in our schools, multifamily occupancies, convalescent homes, nursing homes, homes for the aged, orphan asylums and various other types of occupancies, all because of the failure to enact laws or regulation holding owners directly responsible for the safety of the occupants of any building under their control. Until such a law or regulation is enacted, the potentials will continue to exist, irrespective of the efforts on the part of enforcement authorities to convince owners that hazardous conditions exist and should be corrected.

The Department of Licenses and Inspections of the District of Columbia, which is charged with the administering of the Code of the District of Columbia, is at the present time preparing a revision of the Building Code of the District of Columbia, one section of which is proposed to apply retroactively to existing buildings. If and when this proposed section becomes effective, action can be instituted and existing deficiencies will in time be corrected.

It is anticipated that strong protests will be instituted against the enactment of the section of the building code dealing with the

retroactive application of the code. Until this section of the code is enacted into an enforceable regulation, hazardous conditions insofar as existing buildings are concerned will remain uncorrected for lack of authority to require such corrective measures.

Accompanying this report are three recommendations to be forwarded to the District of Columbia Commissioners and two recommendations to the Director, Department of Licenses and Inspections for amendments to the Police Regulations of the District of Columbia and the Building Code of the District of Columbia.

Respectfully submitted,

RAYMOND C. ROBERTS,
Fire Marshal, District of Columbia.

RECOMMENDATIONS OF THE FIRE MARSHAL, FIRE PREVENTION DIVISION

January 21, 1959.

TO FIRE CHIEF,
District of Columbia Fire Department.

Re proposed amendments to the Police Regulations of the District of Columbia.

It is recommended that the following proposed amendments be made the subject of a communication from you to the Commissioners of the District of Columbia, recommending that they be considered for adoption and inclusion in the Police Regulations of the District of Columbia.

FIRE EXIT DRILLS

Owners, operators, or persons in charge of all public, parochial, and private schools, colleges, universities, and similar places of learning within the District of Columbia shall see that fire exit drills are held in all school buildings.

(a) Fire exit drills shall be held at least six times between the opening of the school term in September and the 15th of December of each year, and at least one fire exit drill shall be held each month thereafter until school closes.

(b) Fire exit drills shall be held at least two (2) times during any special session such as night school, summer school, or similar assemblage that does not extend beyond a 2-month period (once each month when over 2 months).

(c) A written report of each fire exit drill held, showing date and time, shall be forwarded to the Fire Marshal of the District of Columbia.

EMERGENCY LIGHTING

Whenever emergency lighting is required to be installed by the Building Code of the District of Columbia and/or the Electrical Code of the District of Columbia and so provided, it shall be arranged, controlled, and maintained so as to be kept lighted at all times during the use or occupancy of such buildings.

Note: The aforesaid to go into the Police Regulations of the District of Columbia (later to go in the Fire Code) to replace sections 7007, 7007-1, 7007-2, 7007-3, of article 700, chapter 7, of the Electrical Code of the District of Columbia which were deleted.

FIRE SAFETY

Owners, operators, or persons in charge of any building shall be held responsible for the safety from fire of its occupants to the extent of circumstances within their control, such as the maintenance, proper functioning, and availability of all fire safety devices such as fire extinguishers, fire alarm systems, emergency lights, fire exitways, fire stairways, fire doors, and fire escapes as well as compliance with all fire safety regulations. Failure on the part of anyone responsible to comply with the above shall be cause sufficient for the Fire Marshal or his representative to take immediate action to assure compliance.

RAYMOND C. ROBERTS,
Fire Marshal, District of Columbia.

FIRE PREVENTION DIVISION,

January 21, 1959.

Re proposed amendment to the Building Code of the District of Columbia.

TO FIRE CHIEF,
District of Columbia Fire Department.

It is recommended that the following proposed amendment be made the subject of a communication from you to the Director, Department of Licenses and Inspections, D.C., for consideration.

In view of the high life hazard that exists in all schools, irrespective of height or square foot area, it is recommended for your consideration that the Building Code of the District of Columbia be amended so as to require automatic sprinkler systems in all existing schools of non-fire-resistive construction, or schools erected prior to March 8, 1946, as well as all new schools of non-fire-resistive construction.

There must be some definite language prepared in order that retroactive application of any regulation will accomplish the intent to require all schools to be equipped with automatic sprinkler systems.

RAYMOND C. ROBERTS,
Fire Marshal, District of Columbia.

FIRE PREVENTION DIVISION,

January 21, 1959.

TO FIRE CHIEF, District of Columbia Fire Department.

Re proposed amendments to the Building and Electrical Codes of the District of Columbia.

It is recommended that the following proposed amendments be made the subject of a communication from you to the Director, Department of Licenses and Inspection, District of Columbia, for consideration.

In view of the high life hazard that exists in all schools, irrespective of heights or square foot area, it is recommended that article 603-05, paragraph 5, of the Building Code of the District of Columbia and article 7006.4 of the Electrical Code of the District of Columbia be deleted.

These paragraphs deal with exceptions to the code which, in my opinion, should not be made.

It is recommended further that inasmuch as the Fire Prevention Division of the District of Columbia Fire Department is responsible for the maintenance of emergency lighting, sections 7007, 7007-1, 7007-2, 7007-3, of article 700, chapter 7, of the Electrical Code of the District of Columbia be deleted.

It has already been proposed to the Commissioners that the police regulations be amended by inserting a section to cover the maintenance of emergency lighting in order that it could be properly enforced by the Fire Prevention Division.

RAYMOND C. ROBERTS,
Fire Marshal, District of Columbia.

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

Mr. AUCHINCLOSS. I yield to the gentleman from Oklahoma.

Mr. ALBERT. I want to congratulate our friend on this very fine and constructive statement.

Mr. AUCHINCLOSS. I thank the gentleman very much.

Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include certain letters.

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

There was no objection.

FOURTEENTH ANNIVERSARY OF INDEPENDENCE OF CEYLON

The SPEAKER pro tempore (Mr. BONNER). Under previous order of the House, the gentleman from New York [Mr. POWELL] is recognized for 60 minutes.

Mr. POWELL. Mr. Speaker, today, February 4, is the 14th anniversary of the independence of Ceylon. When I attended the Asian-African Conference in Bandung, Indonesia, I promised that I would salute those countries in attendance upon the occasion of their anniversaries except for those that were controlled by the Communists. Many new emerging countries in Asia and Africa have come forward since the historic Bandung Conference and others are scheduled for freedom this year and next.

Ceylon and the United States are both fortunate in having as the Ambassador from Ceylon to Washington one of the most influential men of the Diplomatic Corps. His Excellency, the Ambassador R. S. S. Gunewardene is admired but, more than that, is respected by all of us in our Nation's Capital. So, I begin my salute to Ceylon by wishing the very best for His Excellency, the Ambassador, and his charming wife. I know that as long as His Excellency, the Ambassador, is here the Government of Ceylon will be most ably represented.

May I also take this opportunity to congratulate His Excellency, the Governor General, Sir Oliver Goonetilleke. I have read very carefully the speech from the throne at the ceremonial opening of the Third Parliament of Ceylon and I would just like to refer to the Governor General's statement that his Government was taking all steps necessary to maintain law and order. They would also take measures required to restore peace, good will, and confidence amongst the various sections of the people of the country.

Finally, may I congratulate the Prime Minister, the Honorable S. W. R. D. Bandaranaike. I personally met the Prime Minister during his visit to the United States and he impressed me as he did all of us with his humility and his brilliance. It has been my pleasure to read extracts from the statements by him concerning the foreign policy of Ceylon.

We of the United States Congress trust that the relationships between our country and Ceylon, and beyond that, southeast Asia, shall continue to improve with a view toward a world of increasing peace and expanding democracy.

FORTY-NINE YEARS OF SCOUTING

Mr. NATCHER. 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 Kentucky?

There was no objection.

Mr. NATCHER. Mr. Speaker, from February 7 through 13 the Nation will observe Boy Scout Week. This organization which was founded in America 49 years ago this month is deserving of the attention and gratitude of all peo-

ple who are concerned with the development of worthwhile citizens of the future. I know of no group which has more conscientiously and consistently over the years devoted itself to the teaching of patriotism, courage, and self-reliance to the youth of our country than the Boy Scouts of America.

The current 4-year program of the Boy Scouts has as its theme "Onward for God and My Country," and emphasizes that Scouts should prepare themselves to be citizens of character. The adoption of this slogan and the attendant programs to develop it is a clear statement of the highest ideals of scouting, expressing as it does the boy's obligation to God in his everyday living and his understanding of the democratic processes of government and their values through living and practicing them. These are no empty sentiments voiced merely to impress the boy and his family. The ideals of the Boy Scouts are realistic and practical and are based on the premise that only by instilling in the boy the desire to serve his God, his Country, and his fellow man can we hope to develop men who will have the moral fiber to meet the challenge of the world of tomorrow. The development of our youth to be physically strong, mentally awake, and morally straight is not just a desirable thing, but it is essential if America is to fulfill its mission as the leader of the free world. For only in a Nation made strong by the high moral and spiritual character of its citizens can we hope to effectively combat the atheism and disregard for individual human dignity of the Soviet Union. The work being done by the Boy Scouts of America in preparing our youth to meet the ever-increasing demands of world leadership cannot be overestimated.

The time and effort being given by leaders of industry and agriculture in the Second Congressional District of Kentucky to the Boy Scouts is quite gratifying, and as a result of the vigor of the scouting movement we have very little juvenile delinquency in my section of Kentucky. When recognition and encouragement are accorded a boy for worthwhile achievements, the bid for attention through acts of violence is rejected. I feel certain that as the Boy Scouts of America increase in number in a given community the incidence of juvenile delinquency will decrease proportionately in that community.

Mr. Speaker, an editorial, which, I believe, ably expresses the influence of the Boy Scout movement on our youth and thereby on our communities, appeared in the January 26 issue of the Messenger of Madisonville, Ky. The editorial entitled "Boy Scouts Approach 49th Birthday," is as follows:

BOY SCOUTS APPROACH 49TH BIRTHDAY

The Boy Scout movement has reached ripe middle age, and in our community and in thousands of others all over the Nation preparations are being made to observe Boy Scout Week, which will be from February 7 to 13, inclusive.

This will mark the 49th anniversary of the Boy Scouts, but we hasten to remark that passage of time has increased scouting's vigor, rather than diminishing it. Scouting

is looking forward to ever-greater achievements and to an ever-expanding influence.

Here it should be tossed in that in an era when juvenile delinquency is much in the news, the achievements of Scouts are all the more notable, and deserve all the more support of responsible citizens who realize that the vast majority of the Nation's youth are fine, upstanding young people, interested in decent things and eager to share the responsibilities as well as the privileges of citizenship. Interested in decent things and well aware that citizenship in this good country of ours carries with it responsibilities as well as privileges.

In nearly a half-century of existence, the Scout organization has touched the lives of more than 28,500,000 Americans. Today there are more than 4,780,000 boys and leaders playing the game of scouting. This works out to one of every four boys in the 8 to 16-year-old groups, and the hope—and intention, too—is that this proportion will be materially increased.

Dr. Arthur A. Schuck, chief Scout executive, puts it this way:

"Looking ahead for the next 5 years we must recognize that never has it been so important or imperative that the youth of our Nation be trained to high idealism, acquired through unselfish service, by self-reliance and cooperative effort."

It should be noted that the ideals and objectives of scouting have remained unchanged since the movement's birth. Changes have been made, however, in organization methods and in operating techniques in order to meet the developing needs of the time.

Leaders in the movement tell us that at the moment, if scouting and its fine influences are to be brought to more of the boys who want it, there must be more trained leaders and more facilities, including camps.

Meeting this challenge from a proven organization which has done an incalculable amount of good in our community, State, and Nation should be regarded as a pleasure and a privilege, rather than as just another routine demand for community time and money.

The birthday of scouting is not far ahead. Getting the jump on the occasion, and at the same time reminding people of its approach, we say:

Happy birthday, Boy Scouts. And many happy returns thereof.

AMENDMENT TO PROVIDE FOR 5-YEAR EXTENSION OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

Mr. ARENDS. Mr. Speaker, I ask unanimous consent that the gentleman from Minnesota [Mr. QUIE] 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. QUIE. Mr. Speaker, today I am introducing an amendment to the Agricultural Trade Development and Assistance Act of 1954 which would extend the operation of this valuable surplus disposal program for 5 years.

This act, also known as Public Law 480, performs a great service to our country. It is at the same time the instrument by which we bolster our economy here at home through businesslike distribution of our surpluses abroad—and the means by which we discharge our obligation to our neighbor nations of the free world as the provider of food.

I am urging a 5-year extension of this essential farm program because I believe

that the effectiveness of Public Law 480 is weakened if it lives by a virtual hour-by-hour existence, depending on frequent extensions by Congress.

The experience with the 85th Congress is a case in point. Last year the House of Representatives neglected to extend the program until the closing hours of the session—with the result that our long-range commitments were jeopardized. Foreign countries understandably did not know whether or not the United States would renew this act—and the negotiations suffered.

A clear-cut majority in both Houses has believed in the past that this act is of great value to our economy. I am sure that the overwhelming number of Members of Congress in this session believe the same thing. Then it is prudent and wise for us to extend this act for 5 years. Such an action would enhance the operation of the act and would have a good effect on the agricultural economy of our Nation—as well as our relations with countries we need to have on our side.

This amendment provides for continuation of the \$1,500 million annual authorization for the program's operation—however it would allow the Department of Agriculture to obligate future years' authorizations in order to give a foreign government certainty of future delivery of our surplus commodities to satisfy their needs.

Mr. Speaker, for these reasons—and because Public Law 480 is directly related to our own economic self-interest—I urge consideration of this amendment.

DEFENSE CONTRACTS IN THE FLINT-LANSING AREA, MICHIGAN

Mr. CHAMBERLAIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include extraneous matter.

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

There was no objection.

Mr. CHAMBERLAIN. Mr. Speaker, I am all for the use of excellent metaphor in the press of the country. I am also convinced that some of the most telling characterizations in the prose of any language have been achieved by the comparison of individual human beings and groups of human beings to the purportedly lower bipeds—the animals. However, Mr. Speaker, these are only telling characterizations when they are suitable and accurate.

I refer specifically to the use of the words "hog" and "fat cats" with reference to the recipients of defense contracts in the Flint-Lansing area, which appeared in the Flint (Mich.) Journal on January 15 and the State Journal, of Lansing, Mich., on January 16, and carried by national wire service.

I also have no objection to the use of these unfortunate animal metaphors in somebody else's district, but when the odor of hogs and fat cats rubs off on the slim-pursed workers of the Sixth District of Michigan, I am going to employ some

Airwick tactics to find out who is eating high on the hog, and where.

Because of general economic conditions last year in our district, unemployment reached a high of 24.3 percent in Flint in July and of 12.8 percent in Lansing in that same month. May I also point out that an announcement was made in Flint only last week that 2,250 additional Buick and Fisher Body plant workers would be laid off.

And, Mr. Speaker, let me also point out that during the period of the Korean war, July 1950 to June 1953, General Motors was first in the percentage of defense contracts. Today it is 17th. In the July 1950 to June 1953 period, General Motors had 6.8 percent of the total defense contracts awarded. Today it has 1.3 percent.

I can see no evidence here that defense contracts awarded to General Motors and its subsidiaries in our district have squeezed any other section of the country out of this source of employment, as has been alleged.

In fact, if there should be the suggested probe into the awarding of defense contracts, I believe the defense purchasing in the Sixth District of Michigan would come closer to its former 6.8 percent allotment.

I was disturbed by these allegations last week and wrote a letter to General Motors asking them for a statement on this situation. I am submitting for insertion in the RECORD my letter, their reply, and the two articles in the Lansing (Mich.) State Journal of January 16 and the Flint (Mich.) Journal of January 15 which gave rise to my concern:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., January 21, 1959.

Mr. JOHN F. GORDON,
President, General Motors Corp.,
Detroit, Mich.

DEAR Mr. GORDON: Because of the many thousands of automobile workers throughout the Sixth Congressional District, which includes the cities of Flint and Lansing, I was quite disturbed about the enclosed newspaper clippings concerning General Motors' contracts with the Government.

I am sure the allegations which have been made that General Motors has received an unduly large proportion of defense contracts have been brought to your attention.

In the interest of the welfare of the many people who are employed directly in the automobile factories as well as the many businesses which are related to the automobile economy, I would appreciate your examining these news items and apprising me of the facts.

Thanking you for your courtesy, I am,
Sincerely,

CHARLES E. CHAMBERLAIN.

GENERAL MOTORS CORP.,
OFFICE OF THE PRESIDENT,
Detroit, Mich., January 29, 1959.

The Honorable CHARLES E. CHAMBERLAIN,
House of Representatives,
House Office Building,
Washington, D.C.

MY DEAR CONGRESSMAN: Thank you for your letter of January 21 and the newspaper clipping concerning allegations about defense contract awards to General Motors. I am glad to give you the facts which you request.

As to our position in defense production awards, the Department of Defense periodically publishes analyses of contract awards to the 100 largest defense contractors, show-

ing the ranking of the contractor based on value of award, the value, and the percentage that value is of U.S. total awards.

Data regarding General Motors for the July 1950 to June 1958 period are shown in the following tabulation. It should be pointed out that the total dollar amounts of prime contract awards and the percent of these totals awarded to General Motors represent net value of new procurement actions minus cancellations, terminations and other credit transactions.

Period	Department of Defense prime contract awards (in millions)	Percent of total awarded to General Motors	General Motors position
July 1950 to June 1953.....	\$98, 229	6.8	1
July 1953 to December 1954.....	16, 492	1 (4)	-----
January 1955 to June 1956.....	25, 637	1.3	14
July 1956 to June 1957.....	18, 954	1.4	12
July 1957 to June 1958.....	21, 795	1.3	17

¹ Cancellations and terminations were in excess of new awards.

As shown in these reports, during the period of the Korean war when the country was urgently in need of great quantities of war materials (July 1950 through June 1953) General Motors ranked first in prime contract awards, having received 6.8 percent of total U.S. awards. However, during the first 18 months after the cease-fire in Korea (July 1953 through December 1954), General Motors was not included in the first 100 companies. In fact, as the tabulation shows, cancellations and terminations more than offset new awards to General Motors during this period.

Subsequently, during periods more representative of peacetime procurement programs, General Motors' position as a defense contractor has ranged between 12th and 17th, the latter being our position for the 12 months ended June 30, 1958, the latest Government fiscal year for which data are available.

You may also be interested in knowing that General Motors defense sales for the last 3 years, 1956 through 1958, have amounted to about 5 percent of our total sales. This is only about one-third as great as in the 3-year period 1951 through 1953 when deliveries of war materials were being made for the Korean war emergency.

It might be pointed out, too, that during the Korean emergency important General Motors defense production operations were located in Lansing and Flint. Today Lansing has no defense work at all, and the amount being done in Flint is minor.

I trust that the foregoing will give you the desired information.

Sincerely yours,

JOHN F. GORDON.

[From the Flint (Mich.) Journal, January 15, 1959]

HOOSIER WANTS PROBE OF GM ROLE IN DEFENSE BUYING

WASHINGTON.—An Indiana Congressman says he wants to find out why General Motors is able to hog the defense-buying market.

Representative RAY J. MADDEN, Indiana Democrat, said Wednesday the Defense Department is nothing more than a branch of General Motors as far as contracts are concerned.

MADDEN said he expected the House Armed Services Committee to delve into defense buying.

"The trouble is," said MADDEN, "the fat cats are getting fatter and smaller concerns like Studebaker in my district are being disregarded entirely."

MADDEN is a member of the House Rules Committee. Wednesday the committee approved a resolution continuing the Armed Services Committee's authority to investigate military-procurement policies. The resolution goes before the House today.

MADDEN said the Rules Committee was assured by Chairman CARL VINSON, Georgia Democrat, of the Armed Services Committee that defense purchasing would be investigated fully.

The Hoosier said GM's share of the military market increased sharply while Charles E. Wilson, former GM president, was Secretary of Defense.

Studebaker "still hasn't recovered from being squeezed out of the market," MADDEN said.

[From the Lansing (Mich.) State Journal, Jan. 16, 1959]

GM DEFENSE SHARE HIT—INDIANA LAWMAKER SAYS FIRM "HOGS" CONTRACTS; HINTS A PROBE

WASHINGTON, January 16.—An Indiana Congressman says he wants to find out why General Motors is able "to hog" the defense buying market.

Representative RAY J. MADDEN (Democrat, Indiana) said Wednesday the Defense Department "is nothing more than a branch of General Motors as far as contracts are concerned."

MADDEN said he expected the House Armed Services Committee to delve into defense buying.

"The trouble is," said MADDEN, "the fat cats are getting fatter and smaller concerns like Studebaker in my district are being disregarded entirely."

MADDEN is a member of the House Rules Committee. Wednesday the committee approved a resolution continuing the Armed Services Committee's authority to investigate military procurement policies. The resolution was to appear before the full House today.

MADDEN said the Rules Committee was assured by Chairman CARL VINSON (Democrat, Georgia), of the Armed Services Committee that defense purchasing would be investigated fully.

The Indianian said G.M.'s share of the military market increased sharply while Charles E. Wilson, former G.M. president, was Secretary of Defense.

Studebaker "still hasn't recovered from being squeezed out of the market," MADDEN said.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. WHITENER (at the request of Mr. FOUNTAIN), on account of official business, through February 15, 1959.

Mr. TAYLOR (at the request of Mr. TABER), indefinitely, on account of illness.

Mr. ASPINALL, for February 5 and 6, 1959, on account of official business.

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. REUSS, for 1 hour, on tomorrow.

Mr. LEVERING (at the request of Mr. VANIK), for 15 minutes, on Monday next.

Mr. LEVERING (at the request of Mr. ALBERT), for 15 minutes, on tomorrow.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. DOLLINGER and to include extraneous matter.

Mr. LANE and to include extraneous matter.

Mr. PELLY and to include certain tables and other extraneous matter.

Mr. ROGERS of Massachusetts and to include an article about a little Boy Scout in her district.

Mr. CELLER.

Mr. PHILBIN and to include extraneous matter.

Mr. DENT.

Mr. LINDSAY and to include extraneous matter.

(At the request of Mr. ALBERT, and to include extraneous matter, the following:)

Mr. ANFUSO.

Mr. MCCORMACK.

Mr. KEOGH, notwithstanding the fact that the cost is estimated by the Public Printer to be \$182.25.

SENATE CONCURRENT RESOLUTION REFERRED

A concurrent resolution of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. Con. Res. 5. Concurrent resolution to print additional copies of a committee print entitled "Briefing on the Investment Act"; to the Committee on House Administration.

ADJOURNMENT

Mr. ALBERT. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 50 minutes p.m.) the House adjourned until tomorrow, Thursday, February 5, 1959, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

505. A letter from the Secretary of Commerce, transmitting a report entitled "Progress Report on the Federal-Aid Highway Program," pursuant to the act approved August 27, 1958 (72 Stat. 921) (H. Doc. No. 74); to the Committee on Public Works and ordered to be printed with illustrations.

506. A letter from the Secretary of Defense, transmitting a copy of a report covering a violation of section 3679, Revised Statutes, and Department of Defense Directive 7200.1, "Administrative Control of Appropriations Within the Department of Defense," pursuant to section 3679(1)(2), Revised Statutes; to the Committee on Appropriations.

507. A letter from the Secretary of State, transmitting a draft of proposed legislation entitled "A bill to amend the Foreign Service Buildings Act of 1926"; to the Committee on Foreign Affairs.

508. A letter from the Comptroller General of the United States, transmitting a report on the audit of the Washington National Airport for the fiscal years 1956 through

1958; to the Committee on Government Operations.

509. A letter from the Comptroller General of the United States, transmitting a report on the review of activities of the United States Army Engineer Supply Center (USAESC), Tokyo, Japan; to the Committee on Government Operations.

510. A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation entitled "A bill to extend the leasing provisions of the act of June 14, 1926, as amended by the act of June 4, 1954 (68 Stat. 173; 43 U.S.C. secs. 869-869-3), to certain lands in Oregon, and for other purposes"; to the Committee on Interior and Insular Affairs.

511. A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation entitled "A bill to amend the act of December 24, 1942 (56 Stat. 1086, 43 U.S.C. sec. 36b), entitled "An act to authorize the Secretary of the Interior to acquire lands or interest in lands for the Geological Survey"; to the Committee on Interior and Insular Affairs.

512. A letter from the Assistant Secretary of the Interior, transmitting a copy of a secretarial order canceling and adjusting irrigation charges of certain non-Indian landowners on the Wind River Indian irrigation project, Wyoming, and a draft of proposed legislation entitled "A bill to approve an order of the Secretary of the Interior adjusting, deferring, and canceling certain irrigation charges against non-Indian owned lands under the Wind River Indian irrigation project, Wyoming, and for other purposes"; to the Committee on Interior and Insular Affairs.

513. A letter from the Attorney General, transmitting a three-point legislative program designed to strengthen the antitrust laws and their enforcement; to the Committee on the Judiciary.

514. A letter from the Assistant Secretary of the Navy transmitting a report setting forth each claim settled and paid by the Secretary of the Navy, arising from the crash of U.S. Navy F9F-4 jet aircraft, Bureau No. 125945, near Wold-Chamberlain Air Field, Minneapolis, Minn., on June 9, 1956, pursuant to Public Law 907, 84th Congress; to the Committee on the Judiciary.

515. A letter from the Acting Director, Bureau of the Budget, Executive Office of the President, transmitting a report on plans for works of improvement for the Lick Creek watershed, Tennessee, and Chiltipin-San Fernando Creeks and San Diego-Rosita Creeks watersheds, Texas, pursuant to the Watershed Protection and Flood Prevention Act, as amended (16 U.S.C. 1005); to the Committee on Public Works.

516. A letter from the Acting Director, Bureau of the Budget, Executive Office of the President, transmitting a report on plans for works of improvement for the West Hatchie Creek watershed, Mississippi; Muddy Creek watershed, North Carolina; and Tewaukon watershed, North Dakota and South Dakota, pursuant to the Watershed Protection and Flood Prevention Act, as amended (16 U.S.C. 1005); to the Committee on Agriculture.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANFUSO:

H.R. 3995. A bill to amend the Internal Revenue Code of 1954 to provide that interest received by individuals upon U.S. savings bonds shall be excluded from gross income; to the Committee on Ways and Means.

H.R. 3996. A bill providing for the Surgeon General of the United States to establish a hospital in the State of New York especially

equipped for the treatment of persons addicted to the use of habit-forming drugs; to the Committee on Interstate and Foreign Commerce.

H.R. 3997. A bill to remove certain restrictions imposed on the political activities of officers and employees of the Federal and State governments; to the Committee on House Administration.

By Mr. BARING:

H.R. 3998. A bill to provide for the construction of sewer and water facilities for the Reno-Sparks Indian colony, Nevada, and for other purposes; to the Committee on Interstate and Foreign Commerce.

H.R. 3999. A bill to promote television reception to small communities and to rural and isolated areas by establishing a Community Television Bureau in the Federal Communications Commission and waiving the requirement for construction permits for VHF booster stations in operation on or before December 30, 1958, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. BLATNIK:

H.R. 4000. A bill to amend title II of the Social Security Act to permit retirement by all persons in the United States at the age of 60 years with benefits that will assure full participation by elderly persons generally in prevailing national standards of living, to provide like benefits for disabled persons, and to provide benefits for certain female heads of families and for certain children; to provide for the establishment and operation of this system of social security by an equitable gross income tax; and for other purposes; to the Committee on Ways and Means.

By Mr. GUBSER:

H.R. 4001. A bill to amend title II of the Social Security Act to permit retirement by all persons in the United States at the age of 60 years with benefits that will assure full participation by elderly persons generally in prevailing national standards of living, to provide like benefits for disabled persons, and to provide benefits for certain female heads of families and for certain children; to provide for the establishment and operation of this system of social security by an equitable gross income tax; and for other purposes; to the Committee on Ways and Means.

By Mr. BLATNIK:

H.R. 4002. A bill to authorize the use of Great Lakes vessels on the oceans; to the Committee on Merchant Marine and Fisheries.

H.R. 4003. A bill to amend the Public Health Service Act to protect the public from unsanitary milk and milk products shipped in interstate commerce, without unduly burdening such commerce; to the Committee on Interstate and Foreign Commerce.

H.R. 4004. A bill to amend the Railroad Retirement Act of 1937, the Railroad Retirement Tax Act, and the Railroad Unemployment Insurance Act, so as to provide increases in benefits, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. BROYHILL:

H.R. 4005. A bill to regulate the practice of physical therapy by registered physical therapists in the District of Columbia; to the Committee on the District of Columbia.

By Mr. BRAY:

H.R. 4006. A bill to amend the Social Security Act to provide that, for the purpose of old-age and survivors insurance benefits, retirement age shall be reduced from 65 to 60; to the Committee on Ways and Means.

By Mr. BREWSTER:

H.R. 4007. A bill to equalize the pay of retired members of the uniformed services; to the Committee on Armed Services.

H.R. 4008. A bill to amend section 314(k) of title 38, United States Code, to provide

an increased statutory rate of compensation for veterans suffering the loss or loss of use of an eye in combination with the loss or loss of use of a limb; to the Committee on Veterans' Affairs.

H.R. 4009. A bill to amend title II of the Social Security Act so as to remove the limitation upon the amount of outside income which an individual may earn while receiving benefits thereunder; to the Committee on Ways and Means.

H.R. 4010. A bill to amend title II of the Social Security Act to provide that service actually performed by an individual in the employ of his son, daughter, spouse, or parent shall constitute covered employment for purposes of the old-age, survivors, and disability insurance program; to the Committee on Ways and Means.

By Mr. CEDERBERG:

H.R. 4011. A bill to authorize the use of Great Lakes vessels on the oceans; to the Committee on Merchant Marine and Fisheries.

By Mr. CELLER:

H.R. 4012. A bill to provide for the centennial celebration of the establishment of the land-grant colleges and State universities and the establishment of the Department of Agriculture, and for related purposes; to the Committee on the Judiciary.

By Mr. DIGGS:

H.R. 4013. A bill to provide for unemployment reinsurance grants to the States, to revise, extend, and improve the unemployment insurance program, and for other purposes; to the Committee on Ways and Means.

By Mr. DULSKI:

H.R. 4014. A bill to provide for unemployment reinsurance grants to the States, to revise, extend, and improve the unemployment insurance program, and for other purposes; to the Committee on Ways and Means.

H.R. 4015. A bill to amend title 23 of the United States Code, relating to highways, in order to permit States having toll and free roads, bridges, and tunnels designated as part of the National System of Interstate and Defense Highways to designate other routes for inclusion in the Interstate System; to the Committee on Public Works.

By Mr. FINO:

H.R. 4016. A bill to amend the Internal Revenue Code of 1954 to provide an additional \$5,000 exemption from income tax for amounts received as retirement annuities or pensions; to the Committee on Ways and Means.

By Mr. FORAND:

H.R. 4017. A bill to amend the Federal Employees' Compensation Act with respect to employment preferences for disabled employees; to the Committee on Education and Labor.

H.R. 4018. A bill to provide for a national cemetery in the State of Rhode Island; to the Committee on Interior and Insular Affairs.

H.R. 4019. A bill to provide that the Secretary of the Interior shall develop and carry out an emergency program for the eradication of starfish in Long Island Sound and adjacent waters; to the Committee on Merchant Marine and Fisheries.

H.R. 4020. A bill to extend the unemployment compensation program to employers of one or more employees; to the Committee on Ways and Means.

By Mrs. GRANAHAN:

H.R. 4021. A bill to provide for a national cemetery in the vicinity of Philadelphia, Pa.; to the Committee on Interior and Insular Affairs.

By Mrs. GRIFFITHS:

H.R. 4022. A bill to amend chapter 137 of title 10 of the United States Code to provide for certain reports from contractors with the United States; to the Committee on Armed Services.

By Mr. HALPERN:

H.R. 4023. A bill providing for the Surgeon General of the United States to establish a hospital in the State of New York especially equipped for the treatment of persons addicted to the use of habit-forming drugs; to the Committee on Interstate and Foreign Commerce.

By Mr. HEMPHILL:

H.R. 4024. A bill to amend the Federal Airport Act in order to extend the time for making grants under the provisions of such act, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. HIESTAND:

H.R. 4025. A bill to amend the Investment Company Act of 1940 to continue the eligibility of retirement associations to make volume purchases at a reduced sales load; to the Committee on Interstate and Foreign Commerce.

By Mr. JUDD:

H.R. 4026. A bill to amend the War Claims Act of 1948, so as to extend the benefits of such act to persons captured or interned by, or in hiding from, the Japanese Government in China during World War II; to the Committee on Interstate and Foreign Commerce.

By Mrs. KEE:

H.R. 4027. A bill to establish a program of economic relief for distressed areas through a system of loans and grants-in-aid; to the Committee on Banking and Currency.

By Mrs. KELLY:

H.R. 4028. A bill to provide for the rescission of the order of the Postmaster General curtailing delivery of mail and certain other postal services; to the Committee on Post Office and Civil Service.

By Mr. KING of California:

H.R. 4029. A bill to amend the Internal Revenue Code of 1954 to eliminate the proration of the occupational tax on persons dealing in machineguns and certain other firearms, to reduce occupational and transfer taxes on certain weapons, to make the transferor and transferee jointly liable for the transfer tax on firearms, and to make certain changes in the definition of a firearm; to the Committee on Ways and Means.

H.R. 4030. A bill to provide that a foreign tax credit need not be adjusted where a difference between taxes accrued and taxes paid resulted from a difference in the rate of exchange and where the taxpayer was not permitted to convert the amount of the tax; to the Committee on Ways and Means.

By Mr. McFALL:

H.R. 4031. A bill to appropriate \$1,500,000 to initiate construction on the New Hogan Dam on the Calaveras River in California, and \$25,000 to institute a survey on the Diverting Canal-Mormon Slough levees below Hogan Dam; to the Committee on Appropriations.

By Mr. McGOVERN:

H.R. 4032. A bill to amend those provisions of the Public Health Service Act relating to construction of hospitals to include mental health clinics as one of the types of facilities for the construction of which grants may be made; to the Committee on Interstate and Foreign Commerce.

By Mr. McINTIRE:

H.R. 4033. A bill to assist the United States cotton textile industry in regaining its equitable share of the world market; to the Committee on Agriculture.

By Mr. MACDONALD:

H.R. 4034. A bill to amend the Railroad Retirement Act of 1937, the Railroad Retirement Tax Act, and the Railroad Unemployment Insurance Act, so as to provide increases in benefits, and for other purposes, to the Committee on Interstate and Foreign Commerce.

By Mr. MACHROWICZ:

H.R. 4035. A bill to amend the Immigration and Nationality Act; to the Committee on the Judiciary.

By Mr. MONTROYA:

H.R. 4036. A bill to amend the Tariff Act of 1930 with respect to the dutiable status of wood moldings; to the Committee on Ways and Means.

By Mr. O'KONSKI:

H.R. 4037. A bill to amend the Public Health Service Act to protect the public from unsanitary milk and milk products shipped in interstate commerce, without unduly burdening such commerce; to the Committee on Interstate and Foreign Commerce.

By Mr. OLIVER:

H.R. 4038. A bill to amend the National Defense Education Act of 1958 in order to repeal certain provisions requiring affidavits of loyalty and allegiance; to the Committee on Education and Labor.

By Mr. O'NEILL:

H.R. 4039. A bill to provide for unemployment reinsurance grants to the States, to revise, extend, and improve the unemployment insurance program, and for other purposes; to the Committee on Ways and Means.

By Mr. PHILBIN:

H.R. 4040. A bill to amend the Uniform Code of Military Justice; to the Committee on Armed Services.

By Mr. QUIE:

H.R. 4041. A bill to amend the Agricultural Trade Development and Assistance Act of 1954, to extend its operations for 5 years; to the Committee on Agriculture.

By Mr. REUSS:

H.R. 4042. A bill to amend the Internal Revenue Code of 1954 with respect to the time prescribed for depositing taxpayments in Government depositories; to the Committee on Ways and Means.

By Mr. RHODES of Arizona:

H.R. 4043. A bill to provide a minimum initial program of tax relief for small business and for persons engaged in small business; to the Committee on Ways and Means.

By Mr. RUTHERFORD:

H.R. 4044. A bill to amend the National Housing Act with regard to insurance of accounts so as to provide uniform protection to all married savers in savings and loan associations; to the Committee on Banking and Currency.

By Mr. TAYLOR:

H.R. 4045. A bill to amend the Internal Revenue Code of 1954 to eliminate the provisions which presently restrict the deduction for medical expenses to those exceeding 3 percent of gross income, and for other purposes; to the Committee on Ways and Means.

By Mr. THOMPSON of New Jersey:

H.R. 4046. A bill to amend the act of August 21, 1935, to provide for a determination of whether certain sites, buildings, or other objects, such as the historic State, War, Navy Building, the San Francisco Mint, and the Morristown National Historical Park, are of national historical significance in order to successfully save those sites, buildings, and objects which are of great national value and which are now being destroyed or are being threatened with destruction by the Federal Government as well as by private interests; to the Committee on Interior and Insular Affairs.

By Mr. WAINWRIGHT:

H.R. 4047. A bill to amend section 801 of the Housing Act of 1954 to provide, in the case of certain residential housing loans, that a portion of each such loan must be withheld and set aside for a specified period in order to insure that the construction is in accordance with the plans and specifications; to the Committee on Banking and Currency.

By Mr. WAMPLER:

H.R. 4048. A bill to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas; to the Committee on Banking and Currency.

By Mr. WILLIAMS:

H.R. 4049. A bill to amend the Federal Aviation Act of 1958 in order to authorize free or reduced-rate transportation for certain additional persons; to the Committee on Interstate and Foreign Commerce.

By Mr. ANDERSON of Montana:

H.R. 4050. A bill to authorize the Secretary of the Army, the Secretary of the Navy, and the Secretary of the Air Force to make grants to certain educational institutions for the construction of military and naval science buildings, and for other purposes; to the Committee on Armed Services.

By Mr. BETTS:

H.R. 4051. A bill to amend section 1304 of the Internal Revenue Code of 1954 with respect to the tax treatment of payments made by the United States for patent infringement; to the Committee on Ways and Means.

By Mr. BOYLE:

H.R. 4052. A bill to amend title 35, United States Code, "Patents," to provide for extension of terms of patents; to the Committee on the Judiciary.

H.R. 4053. A bill to amend section 2501 of title 28, United States Code, and for other purposes; to the Committee on the Judiciary.

By Mr. CANNON:

H.R. 4054. A bill providing for the construction of a highway, and appurtenances thereto, traversing the Mississippi Valley; to the Committee on Public Works.

H.R. 4055. A bill to amend the Universal Military Training and Service Act to provide for the deferment from training and service thereunder of men residing on a farm with their families when their induction would seriously impair the successful operation of the farm; to the Committee on Armed Services.

H.R. 4056. A bill to amend the Universal Military Training and Service Act to provide for the discharge from the Armed Forces of men whose families reside on a farm and whose continued absence from home would seriously impair the successful operation of the farm; to the Committee on Armed Services.

H.R. 4057. A bill to promote economy in Government by reducing the rate at which individual income taxes are withheld at the source; to the Committee on Ways and Means.

H.R. 4058. A bill to authorize the payment of claims resulting from sonic blasts; to the Committee on the Judiciary.

By Mr. CELLER:

H.R. 4059. A bill to amend title 28 of the United States Code relating to actions for infringements of copyrights by the United States; to the Committee on the Judiciary.

H.R. 4060. A bill to eliminate all responsibility of the Government for fixing dates on which the period of limitation for filing suits against Miller Act payment bonds commences to run; to the Committee on the Judiciary.

By Mr. COAD:

H.R. 4061. A bill to make the evaluation of recreational benefits, and fish and wildlife conservation, resulting from any flood control, navigation, or reclamation project an integral part of project planning, and for other purposes; to the Committee on Interior and Insular Affairs.

H.R. 4062. A bill to amend the Public Health Service Act to protect the public from unsanitary milk and milk products shipped in interstate commerce, without unduly burdening such commerce; to the Committee on Interstate and Foreign Commerce.

H.R. 4063. A bill to extend rural mail delivery service; to the Committee on Post Office and Civil Service.

By Mr. COELAN:

H.R. 4064. A bill to provide for unemployment reinsurance grants to the States, to revise, extend, and improve the unemploy-

ment insurance program, and for other purposes; to the Committee on Ways and Means.

By Mr. DENT:

H.R. 4065. A bill to provide financial assistance for the support of public schools by appropriating funds to the States to be used for constructing school facilities and for teachers' salaries; to the Committee on Education and Labor.

By Mrs. GREEN of Oregon:

H.R. 4066. A bill to repeal section 1001(f) of the National Defense Education Act of 1958; to the Committee on Education and Labor.

By Mr. GREEN of Pennsylvania:

H.R. 4067. A bill to amend the Classification Act of 1949, as amended, to provide a formula for guaranteeing a minimum increase when an employee is promoted from one grade to another; to the Committee on Post Office and Civil Service.

By Mr. KILDAY:

H.R. 4068. A bill to amend title 10, United States Code, by repealing section 7475, which restricts the increasing of forces at naval activities prior to national elections; to the Committee on Armed Services.

By Mr. LANKFORD:

H.R. 4069. A bill to amend the Tariff Act of 1930 to place marine sextants on the free list; to the Committee on Ways and Means.

H.R. 4070. A bill to amend the act of May 29, 1930, so as to authorize additional funds for the acquisition of land for park purposes; to the Committee on Public Works.

By Mr. McMILLAN:

H.R. 4071. A bill to amend the District of Columbia Business Corporation Act; to the Committee on the District of Columbia.

H.R. 4072. A bill to amend the act for the regulation of the practice of dentistry in the District of Columbia, and for the protection of the people from empiricism in relation thereto, approved June 6, 1892, as amended; to the Committee on the District of Columbia.

H.R. 4073. A bill to amend the act entitled "An act to regulate the placing of children in family homes, and for other purposes," approved April 22, 1944, as amended, and for other purposes; to the Committee on the District of Columbia.

H.R. 4074. A bill to amend sections 522 and 545 of title 38, United States Code, to increase the income limitations applicable to the payment of pension for non-service-connected disability or death to \$2,000 and \$3,600; to the Committee on Veterans' Affairs.

H.R. 4075. A bill to provide that in determining income of the World War I veterans and their widows for the purpose of ascertaining eligibility for pensions, payments under title II of the Social Security Act shall not be taken into account; to the Committee on Veterans' Affairs.

By Mr. MOULDER:

H.R. 4076. A bill to amend the provisions of the Public Health Service Act which relate to grants for hospital construction to include institutions for the care and treatment of the mentally retarded; to the Committee on Interstate and Foreign Commerce.

By Mr. O'KONSKI:

H.R. 4077. A bill to provide supplementary benefits for recipients of public assistance under Social Security Act programs through the issuance to such recipients of certificates to be used in the acquisition of surplus agricultural food products; to the Committee on Ways and Means.

By Mr. OLIVER:

H.R. 4078. A bill to facilitate the distribution of surplus food products to needy families in the United States; to the Committee on Agriculture.

By Mr. PELLY:

H.R. 4079. A bill to provide money to States and to Hawaii for educational purposes only; to the Committee on Ways and Means.

By Mr. REES of Kansas:

H.R. 4080. A bill to amend the Railroad Retirement Act of 1937, the Railroad Retirement Tax Act, and the Railroad Unemployment Insurance Act, so as to provide increases in benefits, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. RIVERS of Alaska:

H.R. 4081. A bill to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon certain claims for basic and overtime compensation; to the Committee on the Judiciary.

H.R. 4082. A bill to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claims for basic and overtime compensation of employees of the Alaska Road Commission (now the Bureau of Public Roads); to the Committee on the Judiciary.

H.R. 4083. A bill relating to the income tax treatment of cost-of-living allowances received by certain caretakers and clerks employed by the National Guard outside the continental United States, or in Alaska; to the Committee on Ways and Means.

H.R. 4084. A bill to confer jurisdiction upon the Court of Claims to determine the amounts due and owing and render judgment upon the claims of certain employees of the Alaska Railroad for overtime work performed; to the Committee on the Judiciary.

H.R. 4085. A bill to provide cost-of-living allowances to judicial employees stationed outside the continental United States or in Alaska; to the Committee on the Judiciary.

H.R. 4086. A bill to authorize the construction of a post office and courthouse in Juneau, Alaska, and for other purposes; to the Committee on Public Works.

H.R. 4087. A bill relating to income tax refunds for the taxable year 1949; to the Committee on Ways and Means.

H.R. 4088. A bill to permit payment in Alaska of certain cost-of-living allowances at rates in excess of 25 percent of the rate of basic compensation; to the Committee on Post Office and Civil Service.

By Mr. ROBERTS:

H.R. 4089. A bill to provide that the lock and dam on the Chattahoochee River south of Columbia, Ala., shall hereafter be known and designated as the George W. Andrews lock and dam; to the Committee on Public Works.

By Mr. SELDEN:

H.R. 4090. A bill to amend section 332 of title 10 of the United States Code to limit the use of the Armed Forces to enforce Federal laws or the orders of Federal courts; to the Committee on Armed Services.

H.R. 4091. A bill to amend title 10 of the United States Code to prohibit the calling of the National Guard into Federal service except in time of war or invasion or upon the request of a State; to the Committee on Armed Services.

H.R. 4092. A bill to make the evaluation of recreational benefits, and fish and wildlife conservation, resulting from any flood control, navigation, or reclamation project an integral part of project planning, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. SIKES:

H.R. 4093. A bill to provide that the lock and dam on the Chattahoochee River south of Columbia, Ala., shall hereafter be known and designated as the George W. Andrews lock and dam; to the Committee on Public Works.

H.R. 4094. A bill to amend the Internal Revenue Code of 1954 to eliminate the pro-ration of the occupational tax on persons dealing in machineguns and certain other firearms, to reduce occupational and transfer taxes on certain weapons, to make the transferor and transferee jointly liable for the transfer tax on firearms, and to make cer-

tain changes in the definition of a firearm; to the Committee on Ways and Means.

By Mr. STAGGERS:

H.R. 4095. A bill to check the growth of unemployment by providing for Federal assistance to States and local governments for the construction of needed public works and public improvements; to the Committee on Public Works.

H.R. 4096. A bill to establish a program of economic relief for distressed areas through a system of loans and grants-in-aid; to the Committee on Banking and Currency.

By Mr. TEAGUE of California:

H.R. 4097. A bill to make permanent the provisions of the Sugar Act of 1948; to the Committee on Agriculture.

By Mr. TELLER:

H.R. 4098. A bill to provide for unemployment reinsurance grants to the States, to revise, extend, and improve the unemployment insurance program, and for other purposes; to the Committee on Ways and Means.

By Mr. TOLLEFSON:

H.R. 4099. A bill to amend section 4242 of the Internal Revenue Code of 1954 to exempt from the club dues tax certain charges made by nonprofit clubs for the use of facilities; to the Committee on Ways and Means.

H.R. 4100. A bill to grant an additional income tax exemption to a taxpayer supporting a dependent who is blind or otherwise permanently and totally disabled; to the Committee on Ways and Means.

H.R. 4101. A bill to amend the Internal Revenue Code of 1954 to exempt from income tax certain gifts made by employers to their employees on holidays or other special occasions; to the Committee on Ways and Means.

By Mr. VAN FELT:

H.R. 4102. A bill to amend the Public Health Service Act to protect the public from unsanitary milk products shipped in interstate commerce, without unduly burdening such commerce; to the Committee on Interstate and Foreign Commerce.

By Mr. VINSON:

H.R. 4103. A bill to authorize the Department of Defense to indemnify its contractors against nuclear and other unusually hazardous risks, to limit the liability of contractors so indemnified, and for other purposes; to the Committee on Armed Services.

By Mr. WAINWRIGHT:

H.R. 4104. A bill to amend title I of the National Housing Act to provide that no claim for loss on a loan insured thereunder shall be paid unless the work for which the loan was made was actually completed; to the Committee on Banking and Currency.

H.R. 4105. A bill to make it unlawful for a salesman of real estate to represent that a dwelling or other structure is guaranteed by the United States as to its quality or construction; to the Committee on Banking and Currency.

By Mr. WALTER:

H.R. 4106. A bill to prescribe the oath of office of justices and judges of the United States; to the Committee on the Judiciary.

By Mr. RIVERS of Alaska:

H.R. 4145. A bill to supplement the land-grant provisions of the Alaska Mental Health Enabling Act; to the Committee on Interior and Insular Affairs.

By Mr. DORN of South Carolina:

H.J. Res. 213. Joint resolution to authorize the manufacture and sale of a Civil War Centennial Medal; to the Committee on the Judiciary.

By Mr. FORAND:

H.J. Res. 214. Joint resolution proposing an amendment to the Constitution relating to eligibility to the office of President; to the Committee on the Judiciary.

By Mr. HEMPHILL:

H.J. Res. 215. Joint resolution providing for a study of the possibility and desirability of establishing a University of the Americas; to the Committee on Foreign Affairs.

By Mr. HOLLAND:

H.J. Res. 216. Joint resolution to prescribe the official version of "The Star-Spangled Banner"; to the Committee on the Judiciary.

By Mr. RHODES of Arizona:

H.J. Res. 217. Joint resolution proposing an amendment to the Constitution of the United States relative to equal rights for men and women; to the Committee on the Judiciary.

By Mr. ROBISON:

H.J. Res. 218. Joint resolution to establish December 15 of every year as Bill of Rights Day; to the Committee on the Judiciary.

By Mr. STAGGERS:

H.J. Res. 219. Joint resolution proposing an amendment to the Constitution of the United States relative to equal rights for men and women; to the Committee on the Judiciary.

By Mr. TRIMBLE:

H.J. Res. 220. Joint resolution proposing an amendment to the Constitution of the United States relative to equal rights for men and women; to the Committee on the Judiciary.

By Mr. BARING:

H. Con. Res. 76. Concurrent resolution favoring the operation of VHF television booster or repeater stations under certain conditions; to the Committee on Interstate and Foreign Commerce.

By Mr. McDOWELL:

H. Con. Res. 77. Concurrent resolution establishing a Joint Committee on Intelligence Matters; to the Committee on Rules.

By Mr. SAUND:

H. Con. Res. 78. Concurrent resolution establishing a Joint Committee on Intelligence Matters; to the Committee on Rules.

By Mr. BETTS:

H. Res. 155. Resolution creating a standing Committee on Small Business in the House of Representatives; to the Committee on Rules.

By Mr. COOLEY:

H. Res. 156. Resolution to provide funds for the expense of the studies and investigations authorized by House Resolution 93; to the Committee on House Administration.

By Mr. BROOKS of Louisiana:

H. Res. 157. Resolution authorizing the printing as a House document of the staff report entitled "The Next 10 Years in Space, 1959-69"; to the Committee on House Administration.

By Mr. FRIEDEL:

H. Res. 158. Resolution authorizing the employment of one additional laborer, Office of the Postmaster of the House of Representatives; to the Committee on House Administration.

H. Res. 159. Resolution fixing the basic compensation of the expert transcribers, office of the official committee reporter (stenographers), House of Representatives; to the Committee on House Administration.

By Mr. PATMAN:

H. Res. 160. Resolution providing for the payment of expenses of the select committee created by House Resolution 51; to the Committee on House Administration.

By Mr. SMITH of Virginia:

H. Res. 161. Resolution amending clause 2 (a) of rule XI and clause 4 of rule XXI of the Rules of the House of Representatives; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BROYHILL (by request):

H.R. 4107. A bill for the relief of Letita Tremari; to the Committee on the Judiciary.

By Mr. COOLEY:

H.R. 4108. A bill for the relief of Continental Hosiery Mills, Inc., of Henderson, N.C.,

successor to Continental Hosiery Co., of Henderson, N.C.; to the Committee on the Judiciary.

By Mr. DORN of South Carolina:

H.R. 4109. A bill to provide for the issuance of a license to practice chiropractic in the District of Columbia to Anderson Brown; to the Committee on the District of Columbia.

By Mr. DURHAM:

H.R. 4110. A bill to clarify the enlisted status of Grover C. McQueen, deceased; to the Committee on the Judiciary.

By Mr. FLOOD:

H.R. 4111. A bill for the relief of Eva Marie Leshar; to the Committee on the Judiciary.

By Mrs. GRIFFITHS:

H.R. 4112. A bill for the relief of Elizabeth Houseplan; to the Committee on the Judiciary.

H.R. 4113. A bill for the relief of Chrysavgi Kontopoulos; to the Committee on the Judiciary.

By Mr. HAYS:

H.R. 4114. A bill for the relief of Maria Concetta Cozza; to the Committee on the Judiciary.

By Mr. HEALEY:

H.R. 4115. A bill for the relief of Lew Kablak; to the Committee on the Judiciary.

By Mr. HOLLAND:

H.R. 4116. A bill for the relief of Clifford N. McLeod; to the Committee on the Judiciary.

By Mr. KASEM:

H.R. 4117. A bill for the relief of Thirza Skoff; to the Committee on the Judiciary.

H.R. 4118. A bill for the relief of Mrs. Amy B. Westwood; to the Committee on the Judiciary.

H.R. 4119. A bill for the relief of Mrs. Dorothy Yu Hwang; to the Committee on the Judiciary.

By Mr. LANE:

H.R. 4120. A bill for the relief of Dr. Raymond A. Vonderlehr and certain other officers of the Public Health Service; to the Committee on the Judiciary.

H.R. 4121. A bill for the relief of certain members of the Armed Forces of the United States, or their survivors, who were captured and held as prisoners of war in the Korean hostilities; to the Committee on the Judiciary.

By Mr. McCORMACK:

H.R. 4122. A bill for the relief of James Philip Coyle; to the Committee on the Judiciary.

By Mr. MACHROWICZ:

H.R. 4123. A bill for the relief of Arratoon Manuel; to the Committee on the Judiciary.

H.R. 4124. A bill for the relief of Jan Libiszewski; to the Committee on the Judiciary.

H.R. 4125. A bill for the relief of Renata Falkiewicz; to the Committee on the Judiciary.

H.R. 4126. A bill for the relief of Milorad Tasic; to the Committee on the Judiciary.

H.R. 4127. A bill for the relief of the Pacific Customs Brokerage Co., of Detroit, Mich.; to the Committee on the Judiciary.

By Mr. MAILLIARD:

H.R. 4128. A bill for the relief of Eduardo Rafael Vital; to the Committee on the Judiciary.

By Mr. MOULDER:

H.R. 4129. A bill for the relief of John Curry and J. L. Hieronymus; to the Committee on the Judiciary.

By Mr. MULTER:

H.R. 4130. A bill for the relief of Jennie Alpern and daughters Berthe F. and Bellina F. Alpern; to the Committee on the Judiciary.

By Mr. O'BRIEN of New York:

H.R. 4131. A bill for the relief of Miss Lillian Dunn (formerly Miss Lillian Oh); to the Committee on the Judiciary.

By Mr. O'HARA of Illinois:

H.R. 4132. A bill for the relief of Ante Tonic (Tunic), his wife Elizabeth Tunic, and their two minor children, Ante Tunic, Jr., and Joseph Tunic; to the Committee on the Judiciary.

By Mr. RABAUT:

H.R. 4133. A bill for the relief of Fouad Mikhail Zada; his wife, Sabat Zada (nee Leon or Laoun); and their minor child, Michel; to the Committee on the Judiciary.

By Mr. RIVERS of Alaska:

H.R. 4134. A bill to confer jurisdiction upon the District Court for the territory of Alaska to hear, determine, and render judgment upon the claim, or claims, of Scotty James, of Sitka, Alaska; to the Committee on the Judiciary.

H.R. 4135. A bill to authorize the conveyance of certain lands in Alaska to Martha L. Babinec, as administratrix of the estate of Laurence Starns, deceased; to the Committee on Interior and Insular Affairs.

By Mr. ROGERS of Florida:

H.R. 4136. A bill for the relief of Katina Askouni; to the Committee on the Judiciary.

By Mr. ROSTENKOWSKI:

H.R. 4137. A bill for the relief of Tam Jam Yick; to the Committee on the Judiciary.

By Mr. SANTANGELO:

H.R. 4138. A bill for the relief of Gianni Mender; to the Committee on the Judiciary.

H.R. 4139. A bill for the relief of Giuseppe Zappone; to the Committee on the Judiciary.

By Mr. TELLER:

H.R. 4140. A bill for the relief of Victoria Pel Chiung Tcheng; to the Committee on the Judiciary.

H.R. 4141. A bill for the relief of Laureano and Conception Medina; to the Committee on the Judiciary.

By Mr. UTT:

H.R. 4142. A bill for the relief of Wintford Jesse Thompson; to the Committee on the Judiciary.

By Mr. WALLHAUSER:

H.R. 4143. A bill for the relief of Mrs. Betty Barad Strul and her minor daughter, Anna Strul; to the Committee on the Judiciary.

By Mr. WILSON:

H.R. 4144. A bill for the relief of Anthonie Blom; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

60. By Mr. CANFIELD: Resolution adopted at the 16th Annual Convention, Utility Co-Workers' Association, urging the amendment of the Labor Management Relations Act of 1947; to the Committee on Education and Labor.

61. Also, resolutions adopted at the 16th Annual Convention, Utility Co-Workers' Association (1) petitioning the Congress of the United States to enact legislation which would increase the exempted income under social security to \$1,800 annually; (2) urging legislation to increase the exemption for children and dependents to the sum of \$800 annually; (3) recommending that social security benefits be made available to employees who have reached 62 years of age; and (4) opposing the unfair practice of tying retirement benefits to social security payments; to the Committee on Ways and Means.

62. By the SPEAKER: Petition of executive director, the Council of State Governments, Chicago, Ill., petitioning consideration of their resolution relative to requesting statehood for Hawaii; to the Committee on Interior and Insular Affairs.

EXTENSIONS OF REMARKS

Tribute to Hon. Richard B. Russell, of Georgia

EXTENSION OF REMARKS

OF

HON. HERMAN E. TALMADGE

OF GEORGIA

IN THE SENATE OF THE UNITED STATES

Wednesday, February 4, 1959

Mr. TALMADGE. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD the text of remarks on January 30, 1959, by the Honorable JAMES E. VAN ZANDT, Member of Congress from the 20th District of Pennsylvania, in presenting to the distinguished senior Senator from Georgia [Mr. RUSSELL] the annual Minute Man of the Year Award of the Reserve Officers Association of the United States.

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

REMARKS BY REPRESENTATIVE JAMES E. VAN ZANDT, MEMBER OF CONGRESS, 20TH DISTRICT OF PENNSYLVANIA, JANUARY 30, 1959, IN PRESENTING U.S. SENATOR RICHARD B. RUSSELL, OF GEORGIA, THE ANNUAL CITATION BY THE RESERVE OFFICERS ASSOCIATION AS MAN OF THE YEAR FOR 1959

It is a signal honor to have been selected to present the Reserve Officers' Association annual citation to the citizen who has contributed most to national security in these times.

The recipient of this year's award is a distinguished Member of the U.S. Senate, and since it is the habit in Congress to rely upon the Congressional Directory for background information, it is interesting to observe that the recipient of the award is recorded in the pages of the directory listing Senators as follows:

"RICHARD BREVARD RUSSELL, Democrat, of Winder, Ga."

This is the sole reference from a biographical standpoint to one of the most able and popular Members of the U.S. Senate.

Even though his biographical sketch is the personification of brevity, Senator RUSSELL's official activities embrace chairman of the Senate Committee on the Armed Services, and membership on the powerful Senate Committee on Appropriations.

He is also a member of the congressional Joint Committee on Atomic Energy and, in addition, is serving as a member of the Board of Visitors to the Military Academy, the Board of Visitors to the Naval Academy, and the Board of Visitors to the Air Force Academy.

The resolution selecting Senator RICHARD B. RUSSELL for this annual citation describes him in a manner in keeping with his worthwhile contributions to our national defense.

The resolution that accompanies the citation reads as follows:

"Reserve Officers Association of the United States annual citation to the citizen who

has contributed most to national security in these times; 1959, RICHARD BREVARD RUSSELL.

"An association resolution: To the Honorable RICHARD BREVARD RUSSELL, because throughout your career you have been—

"(a) Profoundly aware of the obligation of every citizen to service to his nation, and by continuing precept and example aided in keeping alive this vital tradition;

"(b) Broadly knowledgeable in history and motivations of peoples and nations of the world, you have exercised a genius for leadership critically contributing to this Nation's victories in wars;

"(c) Nobly motivated in your public service, you have shunned narrow considerations, including partisanship, but rather have fixed your course and your influence toward highest standards of national interest;

"(d) Deeply dedicated to honor and duty, you have given of your strength and genius far beyond and above the call of both honor and duty.

"In the name of this Nation's first Minutemen, who gave our forefathers the inspiration and instinct to contest to the death for their liberty, this association proudly recognizes your service as a patriot, and its meaningful contribution to the national security shared by every citizen of the United States in these times.

"For the association—by the National Executive Committee, Washington, D.C., January 30, 1959.

"(Signed) Rear Adm. Leon J. Jacobi, USNR, National President, Detroit; and Col. John T. Carlton, USAR, Executive Director, Washington."

Senator RUSSELL—or DICK as you are known to your thousands of friends—it gives me great pleasure to present you with the Reserve Officers Association award of Man of the Year for 1959, and with it I extend my sincere congratulations.

Hon. Louis B. Heller

EXTENSION OF REMARKS OF

HON. EUGENE J. KEOGH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 4, 1959

Mr. KEOGH. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following remarks made at the induction ceremonies of our former colleague, Hon. Louis B. Heller, who was inducted as a justice of the city court of New York at the Central Courts Building, Brooklyn, on January 6, 1959. Hon. Nathan R. Sobel of the county court of Kings County presided at the ceremonies:

Judge SOBEL. May I invite the newly elected justice of the city court, the Honorable Louis B. Heller, to enter the courtroom.

(Judge Heller enters. Applause.)

Judge SOBEL. May I introduce Rabbi Baumol, Judge Heller's rabbi, who will deliver the invocation.

(Rabbi Baumol delivers invocation.)

Judge SOBEL. Judge Heller has requested that these proceedings be kept as informal as possible. We have had requests from many of his dear friends and associates in the courts, as well as the legislature and Congress, to speak. We have explained to them that we shall curtail the speechmaking and make their presence known so that they may briefly congratulate the newly elected justice.

Before calling on the speakers, I should like to introduce to you Mrs. Ruth Heller, the judge's charming wife, who has so understandingly cooperated with him in his work over the years.

(Presentation of flowers by the officers of the court.)

Judge SOBEL. I should like also to introduce his very lovely daughter, Marcia.

His son Bobby, who was present at the formal swearing-in last week, returned yesterday to Bucknell University, and the judge has just whispered in my ear that he is cramming, as we all used to do, for his final exams.

I should like to introduce for a bow his lifelong partner and associate in the practice of law, his devoted brother Harry, who has been by his side during many trying years.

There are so many of Louis Heller's old friends here, even his childhood and boyhood friends, that I must, without selecting any particular one or group, mention that included in the group, sitting in the audience, are 22 members of the class of June-1922, of Boys High School. This is a class which has great historical significance to Boys High because it was the only class in the history of this country, I think, which captured all of the State scholarships, all of the Cornell scholarships, and all of the Harvard scholarships, and indeed, all of the other scholarships offered throughout the country, all in one class, in one school, and in one particular year.

We had a great many geniuses among them, geniuses in the medical profession who have proved themselves, in business, in the other professions, and, of course, least of all are the geniuses who ascended the bench. I see present one of them, Judge Keogh of the supreme court, and Judge DiGiovanna of the supreme court, also a member of the class, and, of course, Judge Starke and Judge Schor are present here, and a great many members of the legislature, and least of all, myself.

My friendship with Louis goes back even much before the time we attended high school. We knew each other when we attended elementary school.

The following addressed the meeting: Francis Verilli, Esq., the president of the Brooklyn Bar Association.

Albert Gondelman, Esq., chairman of the city court committee of the Brooklyn Bar Association.

Judge Joseph A. Solovel, who presented a scroll on behalf of the Kings County Criminal Bar Association, which reads as follows:

"The Kings County Criminal Bar Association presents this plaque to Hon. Louis B. Heller, justice of the city court of the city of New York, for his distinguished services as a lawyer and judge, his warmhearted concern for his fellow man and counsel to the bench and bar."

Gilbert S. Rosenthal, Esq., president of the Association of Lawyers of the Criminal Courts of Manhattan, also presented a scroll, which reads as follows:

"The Association of Lawyers of the Criminal Courts of Manhattan extend to Judge Louis B. Heller the heartiest congratulations and best wishes on his appointment to a higher court. For many years Judge Heller served the city and State of New York with pride and distinction. His untiring efforts, wise counsel and vast experience have done much to further the cause of justice. We, who practice in the criminal courts, indeed regret to see him go but are happy that his new appointment reflects a job well done. May he continue his dedicated work for many years in the best of health."

Morris Himmelfarb, Esq., representing the Queens County Criminal Bar Association.

Judge Heller, as you know, has held many public offices. I know you recall that he served for more than 10 years on the execu-

tive committee of the Democratic Party of Kings County.

I should like to introduce for a bow at this time the Honorable Joseph T. Sharkey, majority leader of the city council and chairman of the executive committee of the Democratic Party of Kings County.

I should also like to note the presence of Judge Heller's former associates of this committee; the Honorable James V. Mangano, general clerk of the Supreme Court of Kings County, who had the distinction of opening the ceremonies on yesterday commemorating the dedication of the new supreme court building; Hon. John Cashmore, borough president of Brooklyn and former chairman of the Kings County Democratic organization; Hon. Jack Weinberg; Hon. Harry M. Mortimer; Hon. Ross J. DiLorenzo; Dr. Joshua H. Friedman; Hon. Frank A. Nolan, commissioner of borough works; Hon. Joseph B. Whitty, county clerk; Hon. Frank A. Cunningham, Jr., chief clerk of the appellate term; Hon. Harry Morr, deputy fire commissioner; Hon. James M. Power, commissioner of the board of elections; Hon. Albert M. Leavitt, chief clerk of the surrogates court, Kings County; Hon. Vincent P. Carney, former motor vehicle commissioner; Councilman Edward Vogel; Assemblyman Stanley Steingut; Hon. John A. Valente, deputy markets commissioner; and Hon. Alexander G. Hesterberg, tax commissioner—all State committeemen associated with Judge Heller in many of his activities.

I can see many co-leaders present, but I must be pardoned if I do not call out their names, and in lieu thereof I shall read the following telegram by Victoria Rapps, chairman of the co-leaders executive committee.

"On behalf of the Democratic Co-leaders of Kings County, I congratulate you and I wish for you and your family good health, and many happy years in judicial life."

I shall also read an excerpt from a message from a former associate of Judge Heller in the legislature, the Honorable Robert F. Wagner, mayor of the city of New York. He says:

"Regret exceedingly that official business makes it impossible for me to be with you on the occasion of your induction as a justice of the city court. I am pleased to join with all of your friends in congratulating you for you have done so much to help make our city a better place in which to live."

Present in spirit is the lifelong friend of Judge Heller, the president of the city council, Hon. Abe Stark. I shall read only part of his message.

"Your constructive record in Congress and on the bench naturally endow you for this new responsibility. I am confident that the city court will be enriched by your demonstrated talent in the realm of judicial affairs."

As you are all aware, the legislature has convened this morning for its first session of the year 1959. Present, however, are a great many members of the legislature who are taking early trains to Albany. They insisted on staying for these ceremonies. I regret that I am unable to call on all of them, but I should like to have the senior delegate from Brooklyn, the Honorable Bernard Austin, speak for the members of the assembly. (Assemblyman Austin spoke briefly.)

Judge SOBEL. I should also like to have Senator William Rosenblatt speak for the members of the senate.

(Senator Rosenblatt spoke briefly.)

Judge SOBEL. The attorney general of the State of New York, the Honorable Louis Lefkowitz, is detained in Albany, and has sent the following message:

"It has been my privilege to be a friend of Louis Heller for many, many years. Blessed with innate wisdom and unexcelled integrity, Louis not only has gained an enviable record in public service but by his sincerity and consideration of others, he has earned the regard and love of all with

whom he has come into contact. I am confident that Louis Heller will add immeasurably to the city court's proud record of achievement."

As all of you know, Louis has served for several terms with great distinction in the House of Representatives. As you have no doubt read in the newspapers, the House is organizing this morning and since there is a controversial matter before it concerning the increase in the membership of the powerful House Rules Committee, many of his former colleagues who had planned to be here have been unable to attend.

I have too many messages to read, hence permit me to read excerpts from only a few and then mention the names of his colleagues, whose messages I hold in my hand.

From the Honorable SAM RAYBURN, Speaker of the House:

"I want to congratulate you as you begin a splendid career as city court justice and extend to you my kindest wishes for a long life of useful service to your people."

From Hon. JOHN W. McCORMACK, Massachusetts, the majority leader:

"Dear Louis, I regret very much official business in Washington prevents my being with you and your many friends when you are sworn in. While I have missed you here I extend to you my hearty congratulations and very best wishes for every happiness and success in your new position and field of great responsibility."

From Hon. CARL ALBERT, Oklahoma, Democratic whip:

"It is really marvelous to know that such a good friend is getting along so well. We certainly miss you in Washington. Come to see us."

Now, from the Senate side, may I read the following excerpts:

From the Honorable JACOB K. JAVITS, senior Senator from New York:

"My warmest congratulations on this auspicious occasion. Your new appointment reflects the great pride and confidence of your colleagues and associates in your ability and the integrity of your actions. Please accept my every good wish for success."

From the Honorable KENNETH KEATING, newly elected and now junior Senator from New York:

"Warmest greetings as you begin your new duties as city court justice. I know you will bring dignity and judgment to your new post and I wish you every success and happiness in the years ahead."

From a very warm and dear friend of Lou's, the Honorable JOHN F. KENNEDY, Senator from Massachusetts:

"Warmest congratulations on the occasion of your taking over your new position as court justice. I am delighted that you have received this important judicial recognition and that you'll continue to serve the New York community with eminence. With every good wish."

From the Honorable MIKE MANSFIELD, Montana, majority whip of the Senate, and a member of the powerful Foreign Affairs Committee:

"Dear Louis, congratulations. I know that New York will be well repaid on the basis of your ability, integrity and understanding in the position you are assuming. On behalf of your many friends in both Houses, as well as my own, I wish to extend to you good luck and success in the years ahead. You have been a great public servant and your contributions to the public good will be your monument in life. With best personal wishes, I am, sincerely yours."

And this telegram is a must. It is from the Honorable STEPHEN M. YOUNG, who formerly served in the House with Louis, and last November upset all predictions by becoming the junior Senator from the great State of Ohio:

"Lou Heller is a truly great public servant and a real friend to any of us. As a former colleague of his in the Congress of the United States, I congratulate the people of New York on his induction as justice of your courts. I extend to him my sincere personal greetings and regards with the full knowledge that this is but a continuation of a great career in public service."

Other Members of the House of Representatives who served with Judge Heller and who sent messages are: Hon. JOHN J. ROONEY, Hon. ABE MULTER, Hon. ISIDORE DOLLINGER, Hon. JOHN B. BENNETT, Hon. HERBERT ZELENSKO, Hon. OREN HARRIS, Hon. PETER W. RODINO, Jr., Hon. PAUL A. FINO, Hon. LESTER HOLTZMAN, and Hon. EUGENE KEOGH.

Only yesterday I received a telephone call from the dean of the Kings County delegation in the House. He is, of course, the Honorable EMANUEL CELLER, chairman of the Committee on the Judiciary. Congressman CELLER is a close and dear personal friend of Judge Heller and, indeed, of all of us. We, in Brooklyn, are particularly proud of our Congressman, because we feel he has made the greatest contribution to the welfare of the people of the United States in the many years he has served as chairman of that powerful committee. We particularly emphasize his magnificent achievement in the field of antitrust and anti-monopoly legislation.

Congressman CELLER phoned in a warm message. He asked me to state that he has been made very happy, Judge Heller, because your ambitions are being realized. He is certain that you will bring to bear upon your work in the city court the fine qualities you exemplified in the Congress of the United States.

Seated at the bench next to Louis is the chief justice of the city court, the Honorable Peter A. Quinn, who has had a distinguished career in the legislature and in Congress, and who now graces one of the finest courts of our city. Both have been colleagues but now Peter is going to be Lou's chief, and a finer chief Lou knows he could never have. He will soon address you.

Present are almost all of the justices of the court of special sessions. They all desire to say a few words. However, the limitations of time make it impossible for us to complete these proceedings and yet hear from all of them.

Seated with us on the bench is the president-justice of the court of special sessions, the Honorable Irving Ben Cooper, a very dear friend of Lou's. And also our very dear friend, the Honorable Vincent Impellitteri, a member of the court and the former mayor of the city of New York. We want to express our appreciation to Justices Cannella, Galloway, Cawse, Gassman, Rossbach, Acquavella, Silver, Loscalzo, Byrne, Dunaif, Ringel, and Thompson, who traveled from the outlying boroughs to visit with Judge Heller this morning.

I should also like to note the presence of former Justice Louis I. Kaplan, now the commissioner of investigation of the city of New York.

Also present are his new colleagues of the city court of Kings County, Justices Sabbatino, Feldem, Wecht, and Low, as well as many of Judge Heller's new associates of this court from the other counties.

I also note the presence of many judges of the domestic relations court, including Judges Lorence, Marchisio, Kaplan, Ruisi, Ramsgate, and Pagnucco.

And from the municipal court, all friends of Lou's, Judges Alter, Williams, Berry, Rinaldi, Simon, Andreozzi, Johnson, Pearlman, and Damiani.

And from the magistrates court, I must salute Judges Chapman, Solomon, Potter, Maglio, Rader, Tolleris, Gray, Schanzer, Fa-

gan, Serper, Ohringer, Malbin, Livoti, Wal-lach, Glowa, and Cullen.

I am acting as chairman on this occasion only by sufferance. We had expected that Chief Judge Conway's duties would permit him to attend and preside over these ceremonies. Unfortunately, this was not to be, but I have here a very warm telegram from the chief judge to the new justice. It reads:

"I send you every good wish for health and happiness in your further service to the people of our city as city court justice."

The District Attorney's Association is holding its annual convention in California, a much more pleasant, and I am sure, warmer place than Brooklyn is today. District Attorney Silver has sent his chief assistant, the Honorable Kenneth McCabe, who will address you later.

The Honorable Frank Hogan, who is also on vacation, has deputized one of his chief assistants, the Honorable Anthony Leibler, who will also address you.

Frank O'Connor, the district attorney of Queens County, phoned in a warm message just a few minutes ago.

Most of the justices of the supreme court from Kings County are with us. Mr. Justice Anthony DiGiovanni, the chairman of the board of justices, will speak on their behalf.

But I cannot permit this occasion to pass without asking Mr. Justice J. Vincent Keogh, a lifelong friend and classmate of both Judge Heller and myself, to stand up and take a bow.

I should like to have Mr. Justice Arthur Klein, of New York County, a colleague of Judge Heller in Congress, to stand up and take a bow.

It is also my privilege to introduce the Honorable Ferdinand Pecora, former justice of the supreme court of New York County. [Applause.] I know your applause would be even more resounding, if that were possible, if you knew that Judge Pecora is celebrating today his 77th birthday. You will soon hear from him.

I should also like to note the presence of the surrogate of Kings County, the Honorable Maximilian Moss, who will speak, and also the Honorable Samuel DiFalco, surrogate of New York County, who asks leave to return to a motion calendar which was scheduled for early this morning. [Applause.]

Present also with us on this occasion is the Honorable Henry Ughetta, justice of the appellate division of the second department, who brings with him the greetings and good wishes of all of his associates in this department, and who, I am sure, will want to say a few words.

Similar messages have been sent by the Honorable George J. Beldock, a lifelong friend of Lou's, and now a justice of the appellate division of the supreme court. Also from the Honorable Leo F. Rayfiel, judge of the United States District Court, Eastern District of New York, who served in the legislature with our distinguished guest. And another from the Honorable David N. Edelstein, a judge of the United States District Court of the Southern District of New York. And I hold in my hand a very warm message from the lovable John MacCrate, a former justice of the appellate division.

This completes the list of public officials present here with us today within my immediate view. I am sure I have been unable to spot them all in this crowded courtroom, but I hope that those whom I haven't mentioned will forgive me.

Present also are many of Louis' very old friends from his childhood, boyhood, and schooldays. It is obviously impossible for me to mention all of them. I must, however, note the presence in the courtroom of one of his dearest friends and his guiding mentor through all the years of his public life. I should like the commissioner of jur-

ors from the eastern division of New York, the Honorable "Moish" Solomon, to take a bow.

Lou wishes me to state that he has received a very warm message from one whom he holds in very high esteem, but for the fact that he is out of the State he would have been here with us. I refer to Mr. Morris Forgash, president of the United States Freight Co.

And from some other friends, Jerry Wurf, regional director, State, County and Municipal Employees; the Honorable Charles R. Howell, commissioner of the department of banking and insurance of the State of New Jersey; and Arnold E. Feldman, attorney-adviser at the U.S. Military Academy, West Point, N.Y.

I should like to introduce also for a bow, some very, very dear friends of the new justice: First, the Honorable Meler Steinbrink, former justice of the supreme court; also Al Kevelson, Eddie Zeltner, of the Mirror; Harold Harris of the Journal; Geane Toomey of the Telegram-Sun; and Al Turk of the Journal-American.

I have hundred telegrams, letters, and messages in my hand that I cannot possibly wade through now, hence I will order that they may be made part of the official record and turned over to the judge.

As you know, we have used Judge Barshay's courtroom, which is the largest in this building, and Lou and I wish to thank him for his generosity. Unfortunately, he is home ill, otherwise he would have been present.

And, of course, I cannot forget my own colleagues who are present, Judges Marasco and Starkey.

And also from the court of general sessions, Lou's former colleague, Judge Culkin. Also Judges Geller and Schweitzer.

My next duty is to convey a message from Mrs. Heller. She has asked me to invite each and every one of you to participate in a collation in the courtroom of the new justice of the city court on the 10th floor at the conclusion of these proceedings. I hope each and every one of you will accept that most cordial invitation.

(The ceremonies were brought to an abrupt end by the sudden illness and death of Assemblyman Bernard Austin.)

German Embargo of American Coal

EXTENSION OF REMARKS OF

HON. EMANUEL CELLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 4, 1959

Mr. CELLER. Mr. Speaker, suddenly, on January 23, 1959, Germany unilaterally and in violation of her coal and steel treaty with other European nations, placed a tariff of \$4.76 a ton on foreign coal. This practically was an embargo and was aimed at the United States, which normally ships over 16 million tons of coal per year to Germany. Not only was this action in violation of Germany's Coal and Steel Community treaty, but I suggest that it was in violation of another treaty, the General Agreement on Tariffs and Trade—GATT—of which the United States is a member, forbidding bilateral or group agreements by members of GATT without the unanimous consent of all nations concerned. So sudden was Germany's unilateral action that even our State De-

partment, which had been negotiating with the Bonn government since last September, was taken by surprise. The other day when our Government made a last minute request for a 60-day delay in the German action, it was brushed aside and the rash decision of the German Government was rushed through the Bundestag for formal approval.

Where does this leave American mining and shipping interests? Many American miners will be forced out of work because this huge hike in German coal duties will make prohibitive the importation of American coal to Germany. The \$4.76 per ton will raise the price of American coal far above Ruhr coal. This hike, as I noted, came like a bolt from the blue. No warning, no advance notice, and no way of cushioning the blow. American coal miners in Virginia, West Virginia, Pennsylvania, Ohio, Tennessee, and other States will be faced with continued idleness. Already West Virginia, which supplies more than 50 percent of the Nation's annual output of coal, has the highest percent of its labor force unemployed. Starvation and want stalk its hills and that situation will be exacerbated by the rigors of the cold winter. Based on 1957 figures, Germany's action involves a loss of 500,000 days' work to coal miners.

American shippers have contracts to purchase this coal as mined, and have in turn chartered ships for transportation and are under obligation to deliver coal to German importers. Germany's action will make these contracts virtually impossible of performance. These people are well on their way to suffering immeasurable damages. Charter fees run into the millions. Damages in other respects are inordinate. More than 30 million tons of U.S. coal still are on order. With a \$4.76-a-ton tariff staring them in the face—a tariff which, by action of the Bonn government was made retroactive to January 1 of this year—many American exporters face bankruptcy. Thus coal in transit is affected.

The Bonn government seeks to justify this drastic action on the grounds that it is an economic move designed to rescue the Ruhr coal industry from its year-old doldrums. This is somewhat hard to believe when it is remembered that Germany was in real need of American coal in 1957 in order to maintain at that time its strong domestic economy. The facts indicate that her move is not based on economic need; rather it is political. Having fully recovered from World War II, Germany is once again becoming industrially aggressive and is seeking to change the whole distribution of coal in Europe. And being the dominant power of the nations which comprise the European Coal and Steel Community, she can force her arbitrary action upon her weaker neighbors. I seriously question the right of Germany to impose these drastic tariff duties. It is morally indefensible.

Be that as it may, in the absence of diplomatic negotiations, which appear at this time to be inadequate, what remedies do American producers and shippers have? Germany's action, though arbitrary, is not a case in law which could

be classified as a "force majeure" or confiscation, so that businessmen who suffer, may recoup damages from the government. It may be that they could sue the individual German importers of coal; but this would take much time and involve insurmountable difficulties.

Meanwhile, what?

It seems anomalous at a time when the United States is responding to the requests to rescue West Germany, particularly as to the status of Berlin, that the Bonn government would so heedlessly injure American shippers and producers. It certainly does not make for pleasant or cordial relations between the United States and the West German Government. On the contrary, it shows a country willing to accept advantages and display no gratitude. Nay, more, it is symbolic of utter apathy on the part of West German rulers as to the interest of American citizens who are or will have to continue to ship coal to Germany.

I have been a friend to Germany, but this latest maneuver has tinctured that friendship.

It is incumbent on West Germany forthwith to come forward with some remedy, otherwise there will be agitation in and out of Congress to retaliate. Raising duties without rhyme or reason will bring in its trail ever-increasing American duties against German manufactured goods. The thrust will be given where it hurts Germany the most.

Urban Renewal Legislation

EXTENSION OF REMARKS OF

HON. JOHN W. McCORMACK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 4, 1959

Mr. McCORMACK. Mr. Speaker, under permission to extend my remarks in the RECORD, I include a letter I received from Honorable John B. Hynes, mayor of the city of Boston, Mass., relating to urban renewal legislation, together with copy of my reply to him:

CITY OF BOSTON,
OFFICE OF THE MAYOR,
January 30, 1959.

Hon. JOHN W. McCORMACK,
House Office Building, Washington, D.C.

MY DEAR CONGRESSMAN: Urban renewal legislation is pending before the Senate Committee on Banking and Currency. Both of the mayors organizations, the U.S. Conference of Mayors, and the American Municipal Association, are heartily in favor of a bill which would provide for a 10-year urban renewal program with the Federal Government appropriating \$600 million each year and the local communities providing the usual one-third or even a 20 percent share.

As you know, the administration bill is for \$250 million a year for 3 years and \$200 million for the following 3 years. This simply will not do the job that must be done. In addition, the requirement in the administration bill that cities share on a matching 50-50 basis will be the death knell to the urban renewal program, for cities simply cannot contribute that much to this most necessary program.

The U.S. Conference of Mayors, and through its president, Hon. Norris Poulson, mayor of Los Angeles, has placed its case before the committee on January 26. I am in accord with everything that Mayor Poulson said at that time because it reflects the unanimous opinion of the mayors throughout the country.

I will appreciate if you will keep your eye on this legislation and help wherever you can. I know that you are interested in the continuation of urban renewal on a sensible scale and in a sensible manner and I know also that you hardly need to be asked to help.

With best wishes, I am,
Respectfully,

JOHN HYNES, Mayor.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., February 4, 1959.

HON. JOHN B. HYNES,
City Hall, Boston, Mass.

DEAR JOHN: I am in receipt of your letter of January 30 and in reply will say that the President's recommendation in relation to urban renewal legislation is completely inadequate.

I am having your letter inserted in the CONGRESSIONAL RECORD.

With kindest regards,
Sincerely yours,

JOHN W. McCORMACK.

National Defense Student Loan Program

EXTENSION OF REMARKS OF

HON. JOHN V. LINDSAY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 4, 1959

Mr. LINDSAY. Mr. Speaker, I rise to comment upon a program which has significance for the young people of this Nation and for the strength of the Nation itself. I refer to the national defense student loan program authorized by Public Law 864, enacted by the 85th Congress in its closing days and signed into law by the President on September 2.

The national defense student loan program provides for the establishment, at institutions of higher education throughout the Nation, of loan funds from which needy students may borrow funds for the completion of their education at low interest rates and on generous repayment terms. Its objective is to encourage needy students to continue their educational pursuits, an objective contemplated in several features of this act. The Congress is authorized to appropriate \$295 million for this purpose during the next 4 years. The assistance and encouragement that this program can and will offer to needy young people throughout the country is immense. It should do much to reduce the waste of talent which has resulted from the failure of able but needy students to continue with their educational plans.

President Eisenhower signed the National Defense Education Act into law on September 2, 1958. I have followed the progress that has been made by the Department of Health, Education, and Welfare in implementing this program. I

believe that the Secretary of the Department of Health, Education, and Welfare, Dr. Arthur S. Flemming, and the U.S. Commissioner of Education, Dr. Lawrence G. Derthick, are to be complimented upon the prompt and sound manner in which they have undertaken the implementation of all programs authorized by the National Defense Education Act. This is a new era of departmental responsibility and they have measured up to the challenge. They are to be complimented upon the appointment of Dr. Homer D. Babbidge, Jr., to head the administration of those programs affecting American higher education. It has been my pleasure to work with Dr. Babbidge in various capacities over the years, and I am confident that he will lend able and imaginative leadership to the administration of these programs.

It is a particular source of pride to me that officials of the Department of Health, Education, and Welfare have selected to administer the national defense student loan program a resident of the State of New York, and a prominent official of the State university of New York, Mr. Peter P. Muirhead. Mr. Muirhead has for many years served as director of the New York State regents scholarship and examination program. He served as executive secretary of the New York Higher Education Assistant Corporation, which was responsible for the establishment of New York State's successful student loan program. Mr. Muirhead is a man of experience and wisdom, and in entrusting to him the responsibility for the administration of this program, the Department has insured that the program will be administered soundly and well. Mr. Muirhead's appointment to this post was made possible only through the cooperation of Dr. James S. Allen, Jr., commissioner of education for the State of New York. Dr. Allen's willingness to lend to the Department of Health, Education, and Welfare a key member of his own staff is a splendid example of effective Federal-State cooperation. It is an example of the constructive concept of partnership which has been stressed so much by the President and other administration leaders, as the key to effective progress in the field of education.

Mr. Speaker, the national defense student loan program authorized by the 85th Congress is a well-conceived program. It is secure in the hands of able educators and administrators. I am confident that it will do much for the young people of our Nation, and therefore for the Nation as a whole.

Mr. Speaker, I have one concern regarding the effective implementation of this program; and this has to do with the amounts of money available for this purpose. As I indicated earlier, the act authorizes the appropriation of sums up to \$295 million during the next 4 years. For this, the first year of the loan program, a total of \$47½ million is authorized. The respective Appropriations Committees of the House and the Senate, under pressure to act on an appropriations request during the closing hours of the 85th Congress, effected

an interim, or stopgap, appropriation for this purpose of only \$6 million. This was done with the clear understanding that the Appropriations Committees would reconsider at the earliest opportunity a supplemental request for this and other purposes. I trust and hope that this body will see to it that the additional funds in substantial quantity are made available at the earliest possible opportunity.

Let me suggest the importance of prompt action on a supplemental request for the purposes of the National Defense Education Act. Taking the student loan program by itself, let me indicate how inadequate a figure of \$6 million is.

The most recent figures show that 92 institutions in the State of New York have applied for funds under the loan program, and these institutions represent more than 167,000 full-time students. The total amount requested by New York State schools is approximately \$7 million. In my home city of New York alone, 28 institutions, representing more than 71,000 full-time students, have applied for Federal funds under this program. Under the State allotment formula embodied in this act, the State of New York would be entitled to only \$623,442. If the initial stopgap appropriation of \$6 million were not increased this sum would not begin to meet the needs of New York City institutions alone. This sum would not meet one-tenth of the current student loan needs of institutions of higher education in the State of New York. Failure to provide additional funds under this program, therefore, would work a hardship upon the young people of the State of New York and upon the institutions which they are attending. I urge, Mr. Speaker, that the leadership of this body give prompt and positive attention to this critical need.

I am confident that President Eisenhower will forward to the Congress a request for supplementary funds with which to implement the national defense student loan program. I know that Secretary Flemming and Commissioner Derthick are well aware of the urgent need for additional funds for this purpose. Certainly the colleges and universities of the Nation know how pitifully inadequate \$6 million is for this purpose. The young people of the Nation and their parents have made perfectly clear how urgently they need this assistance. It now rests squarely upon this Congress to respond promptly and positively to a need identified and endorsed by the entire Nation.

Progress in High Fidelity

EXTENSION OF REMARKS OF

HON. PHILIP J. PHILBIN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 4, 1959

Mr. PHILBIN. Mr. Speaker, like other Members of the House, I have been gratified of late to observe the marked

progress which our Nation is making in the field of electronics. Components of the electronic industry are located in my own district, and I have had a special opportunity to observe the rapid changes and advances which are taking place in this great industry which so well serves the American people and our armed services. There are many facets to the marvels of electronic development which are currently transforming and vastly improving our communication systems, our sound reproduction media and automatic guidance and control systems and truly revolutionizing our industrial methods, weapon systems, and in fact, the reproduction instrumentalities that we use so frequently in our homes and in our daily lives.

I was very much impressed recently with the progress in the electronic field evidenced by demonstrations and exhibits presented as a prelude to the High Fidelity Festival being held in Washington this week. The initial event of the program last Saturday night in which the Washington National Symphony Orchestra participated before a large audience was a most convincing testimony of the great advances made in recent years in the electronic reproduction of sound.

Some 2,500 music lovers thought they were hearing trumpeter Lloyd Geisler during the solo portion of Purcell's "Trumpet Voluntary." Actually, he was simply going through the motions of playing while the audience was listening to a recording he had made on tape earlier in the day. Reproducing this recording for the audience were high-fidelity amplifiers and speakers such as are found in many homes today for the faithful reproduction of recorded sound.

To complete the illusion, a second rendition of the Purcell composition was given. This time the orchestra on stage remained silent while trumpeter Geisler played to the accompaniment of a recording made by the National Symphony earlier.

This demonstration of the new great advances made in sound reproduction, which is called stereophonic sound, was the opening event of the 4-day International High Fidelity Music Festival, which begins this Thursday, February 5, at the Hotel Shoreham.

An exhibition area, comprising some 50 rooms, has been set aside at the Shoreham where more than 250 different items of high-fidelity equipment for the home will be shown, including phonograph records, amplifiers, speakers, radio tuners, tape recorders, turntables, and other music reproduction products.

This is not Washington's first high-fidelity music show. Last year's showing attracted some 16,000 visitors to the Shoreham. This year's music festival, however, marks the first time that a nationally known symphonic group participates actively in an exhibit of this kind.

Other cities such as Los Angeles, Chicago, and New York have very successful high fidelity shows, which attract thousands of visitors. This week's music festival in Washington, however, brings together our great National Symphony and the newest in sound reproducing equipment in an association which may

be the start of a musical trend for other parts of the country.

I hope that some of my colleagues in the House will have the chance to visit the International High Fidelity Music Festival during this weekend at the Shoreham. An exciting experience is in store for them as it is for everyone who hears stereophonic sound for the first time. At the same time, they may gain firsthand knowledge of woofers, tweeters, crossover networks and other equipment dear to the heart of the high fidelity devotee.

I would be remiss if I do not bring to the attention of my colleagues three exhibitors from Massachusetts: the H. H. Scott Co. of Maynard, which is in my district; High Fidelity magazine of Great Barrington; and Acoustic Research of Cambridge.

The H. H. Scott exhibit should be of particular interest because the products of this company are well and favorably known throughout the electronics industry. Acoustic Research has developed a new speaker system, which has attracted wide interest and much favorable comment in music circles. High Fidelity magazine pioneered in its field and has grown in influence and scope in the world of high fidelity.

Permit me to close with one word of warning: Music will never sound the same, especially from a small radio or old record player, once a convincing demonstration of stereophonic sound is experienced firsthand. We are in truth living in a fabulous world and I am very proud that my district and State through the growing electronics industry are contributing so much toward this impressive progress.

and certainly those who will hold great positions of responsibility in the direction and affairs of our country in the years to come.

I was presented with this honorable badge of the Boy Scouts of America by a Boy Scout who not only excellently represented the Boy Scouts of America but also made an excellent presentation. Although young in years, Paul Murphy, Jr., who presented me with this honorable badge, is one who might inspire all of America to courage and fineness. Possessing an attractive personality, being very courteous and thoughtful, Paul is also extremely able. A student of the Russian language, already he is able to speak some of this very difficult language. In addition, he has many other accomplishments, but above all he has the courage to overcome all difficulties and burdens with which he may be faced. This is indeed a real test of character.

Following is the quoted text of the presentation speech of Paul Murphy, Jr.:

I am Cub Scout Paul Murphy, Jr. During Boy Scout Week, February 7 through 13, the Boy Scouts of America celebrate their 49th anniversary. I have the honor to represent the Boy Scouts of America in making this presentation to you, Mrs. ROGERS. We would like you to join in the 49th celebration of Boy Scout Week by wearing this badge during Boy Scout Week.

At this point, Paul Murphy pinned the Boy Scout badge on my jacket lapel.

In conclusion, I extend my thanks and sincere and genuine appreciation to Paul Murphy, Jr., and through him to the Boy Scouts of America. I assure them I shall be honored to wear this badge during Boy Scout Week in America, February 7 through 13.

Honored by Boy Scouts of America

EXTENSION OF REMARKS

OF

HON. EDITH NOURSE ROGERS

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 4, 1959

Mrs. ROGERS of Massachusetts. Mr. Speaker, at noon today I was highly honored with the presentation of a badge from the Boy Scouts of America for the celebration of the 49th anniversary of the Boy Scouts of America during Boy Scout Week, February 7 through 13. It is with genuine pride and honor that I shall wear this badge of the Boy Scouts of America which carries with it so much meaning and significance in the finest character-building organization for boys in the entire world.

The Boy Scouts of America have made monumental contributions in the building of sound, dependable character in the future young men of our country. In this fine work of molding honorable character, the Boy Scouts are responsible for tomorrow's national leadership. Among the Boy Scouts in the Halls of the Capitol today and who will be here during Boy Scout Week, surely may be a future President of the United States

History Repeats Itself

EXTENSION OF REMARKS

OF

HON. ISIDORE DOLLINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 4, 1959

Mr. DOLLINGER. Mr. Speaker, recently, a group of southern Senators proposed a constitutional amendment that would give States exclusive power to decide whether their school systems should be integrated. It specifies that nothing in the Constitution shall be construed to deny the States the right to determine for themselves the manner in which their public educational facilities shall be administered. The apparent purpose of this is to maintain segregated schools, to discriminate among students because of color. Such a plan is undemocratic and completely contrary to the recognized duty of our States and the Federal Government, to provide education for our youth on an equal basis, free from bias or discrimination.

The prevailing opinion is that the proposed amendment is given no chance of getting the two-thirds majorities needed for approval, but we must not lose sight of the fact that it is one more

attempt to allow discrimination and undemocratic practices to flourish.

Let us recall another time of internal crisis in our history. In 1861 the following amendment relating to slavery was proposed:

Article 13: No amendment shall be made to the Constitution which will authorize or give to Congress the power to abolish or interfere, within any State, with the domestic institutions thereof, including that of persons held to labor or service by the laws of said State.

This proposed amendment to the Constitution failed of ratification by the States.

The amendments discussed are analogous in that both would place certain fundamental human rights in jeopardy; each would curtail the powers of Congress to uphold and preserve the national ideal; each would make it possible for the States wishing to do so, to inflict indignities upon certain of their citizens—which would be abhorrent to the United States considered as a whole; both would reflect unfavorably upon the Nation in that their motives are undemocratic and a violation of rights guaranteed under our Constitution.

States rights are important, of course, but our Founding Fathers and our wise leaders who have followed in their footsteps have recognized the necessity of curbing a State or several States when undemocratic action by a few would undermine or belittle our Nation. Congress must have the authority to create and to uphold the law of the land in order to protect the rights of all our citizens, when problems of national import are at stake.

The will of the people prevailed in 1861 when they refused to accept an undemocratic amendment to the Constitution, as it will today, in this latest attempt to deny certain inalienable rights.

Address by Senator Lyndon B. Johnson

EXTENSION OF REMARKS

OF

HON. VICTOR L. ANFUSO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 4, 1959

Mr. ANFUSO. Mr. Speaker, Tuesday evening, February 3, I was privileged to attend a dinner of the Veterans of Foreign Wars at which the distinguished majority leader of the Senate, the Honorable LYNDON B. JOHNSON, was presented with an award in recognition of his public service.

I think that the Veterans of Foreign Wars, ever mindful of the security of our country, could not have made a more appropriate and more deserving choice for this signal honor than Senator JOHNSON, who is also chairman of the Preparedness Investigating Subcommittee of the Senate Committee on Armed Services.

Senator JOHNSON's record in Congress is well known to all of us. He is a man of deep convictions, courage, and vision.

He is without question the most outstanding personality in Congress today and has filled the void of leadership existing in Washington, which leadership our Nation so sorely needs in these trying days in order to withstand the onslaught of Communist aggression. Senator JOHNSON did not hesitate to sponsor civil rights legislation such as he introduced recently, despite the criticism he knew he would have to face in his home State.

Mr. Speaker, in accepting the award from the Veterans of Foreign Wars, Senator JOHNSON delivered a most timely address dealing with the problems of national security as we face them today—an address which I believe every citizen will want to read. Under leave to extend my remarks in the RECORD, I wish to insert this address in order to bring it to the attention of all our colleagues and to the American people. It is as follows:

ADDRESS BY SENATE DEMOCRATIC LEADER LYNDON B. JOHNSON AT VETERANS OF FOREIGN WARS DINNER, WASHINGTON, D.C., FEBRUARY 3, 1959

FOR THE COMMON DEFENSE

Mr. Chairman, ladies and gentlemen, for this award—and for the honor of this occasion—I am most grateful to you. While your recognition is to my public service, this moment is one of deep personal meaning to me.

I accept this award in the sense of a representative of the million of Americans who have joined in a partnership to provide for the common defense.

This includes those who faced the enemy in combat.

This includes those who have produced the tools of preparedness.

THE THOUGHT OF PREPAREDNESS

This includes those who, like the Veterans of Foreign Wars, have banded together to keep alive the thought of preparedness in the hearts of our citizens.

The VFW is not just an organization founded upon memories of events which become nostalgic as we get farther from them. It is a vital force upon the American scene today.

For 22 years now—as a Member of the House and as a Member of the Senate—I have served in the Congress. Throughout that period I have served continuously on those committees charged with the most direct responsibility for our national security.

DECISION AND RESPONSIBILITY

National security—in these times—is complex. National strength is costly.

The burdens of decision and responsibility are trials.

But when these matters are approached in terms of individual human lives, the complexities become simple, the cost becomes cheap, and the trials cease to matter.

The question today has not changed since 1942.

Can free men ask their sons to defend freedom with less than the best of weapons or less than the maximum of willing support wherever the line of battle may fall?

For myself—and, I am sure, for you—I say that the answer is forthright and simple, "No."

NO AREA OF COMPROMISE

On this, there is no area of compromise. There is no alternative. There are choices. Either this is to be our standard and the purpose of our efforts, or it is not.

In terms of principle it is simple. It is not simple in terms of application. Twenty years ago—when we were beginning to mo-

bilize for World War II—we used what weapons were needed to protect our freedom. Where we did not have those weapons on hand, we could afford to make substitutions. We handed our sons broom handles with signs attached to identify them as guns. We posted signs on old trucks and called them tanks. We simulated artillery with water pipes.

SUBSTITUTES FOR THE REAL THING

Those weapons that mattered so much to us in 1940 are basically obsolete, and even the broom handles are obsolete.

The demands of national security—and the change of our national position—no longer permit us the leisure of outfitting ourselves with substitutes for the real thing.

This is the first—and the greatest—single change in our concept of national security. Time is no longer our friend. Time is no longer on our side.

Security is no longer a point at which we may hope to arrive 1 year, 2 years, or 10 years hence. Security—in the modern world—is a condition we must maintain each hour of each day.

This underscores another matter of great importance.

CHANGES IN MILITARY CONCEPTS

Twenty years ago—in our period of mobilization against the threat afforded by the Axis Powers—you will recall the profound changes we were forced to undergo in our military concepts. At the beginning of mobilization, armored divisions and mechanized divisions were unheard of. Paratroops and dive-bombing and landing craft were unknown concepts. The most romantic branch of our services was the horse cavalry.

VICTORIES—THE PRODUCT OF CHANGE

Our victories in World War II were the product of changes we were forced to make in our thinking after the war in Europe had begun.

Today—and for so long as the Nation shall endure—we do not have and will not have that same margin of time.

THE EDGE OF CAPABILITY

For more than a decade, peace has been maintained because—as men such as Winston Churchill have pointed out—we of the United States have held a continuing edge in capabilities. What we often overlook is that American science gave us the lead in the nuclear age. This lead—won by the invention and creativeness of our minds—served the world as the greatest single deterrent to aggression. The fact that we had unquestioned leadership in this realm made it unnecessary to use atomic energy in any military form.

THE TIME OF DANGER

This demonstrates the point that needs making now. Our greatest time of danger in the world is at times of transition.

When we come to a phase in which old concepts are obsolete and new concepts are not yet perfected, there is where the danger lies.

SECURITY FOR THE FUTURE

If American science had not been the leader in bringing free men to the atomic age, the cost of national security these past 15 years would have been prohibitive beyond our imagination. The parallel challenge of the opportunities of space is identical.

The weapons of the past are obsolete. The strategies of the past are obsolete. Along with this transition, we must fact another fact of change.

ONE GOAL FOR AMERICA

We are working now in the Senate on the job that is foremost for the Members of the legislative branch—getting the facts. We must have those facts to discharge our duties. It is my hope, though, that out of this can come the search for a new way and a

better way to bring together—rather than to keep apart—our joint pursuits of the same goal.

There is—and must be—only one goal for Americans: To provide our Nation with security and, through that strength, to be leaders for peace.

A TIME OF GREAT POTENTIAL

We have come to a time of great potential. Never has there been so great an opportunity for us as that opening now. If we move with vigor into the leadership of space, we shall turn those wild fields into the meadows of peace. The opportunity to achieve a creative peace is the opportunity before us now, and the challenge to our lives, our talents, our will. With this before us, let us so work that it shall never be said again that we did too little, too late.

Purchase of Foreign-Made Turbine Generators by the REA

EXTENSION OF REMARKS

OF

HON. JOHN H. DENT

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 4, 1959

Mr. DENT. Mr. Speaker, I was not surprised, although I must confess I was, like the rest of my home town, puzzled at the action of the REA in the purchase of foreign-made turbine generators.

This in the face of a chronic unemployment of about 4 million American workers.

This, too, in the face of the cry for more aid from this country from practically every nation on the face of the earth.

I have said before, and I now repeat it is time to review our position in world trade and aid.

It is time we look after our own interest with a little more pride and zeal. I repeat again the wise admonition of President Theodore Roosevelt when he said:

There is room for only one soul loyalty and that loyalty is to the American people.

I submit for the RECORD the wire of protest from Mayor A. B. Elias of the city of Jeannette and my protest to the REA:

JEANNETTE, PA., February 3, 1959.

Congressman JOHN H. DENT,
House Office Building, Washington, D.C.:

We in Jeannette are very much puzzled by last Friday's action of the REA in Washington. Contract for two large turbine generators for the Medina Electric Cooperative in Hondo, Tex., was awarded to Brown Boveri of Switzerland after the user had indicated our local Elliott Co. as the supplier. Loss of this business will seriously affect employment at the local plant which is already low, and our relief rolls, as you know, are already high.

A. B. ELIAS,
Mayor, City of Jeannette.

FEBRUARY 4, 1959.

Mr. DAVID HILL,
Administrator, REA, Washington, D.C.:

Pursuant to my telephone conversation, I herewith officially and vigorously protest the awarding turbine generator contract the Medina Electric Corp. to Switzerland. The Elliott Co. in Jeannette, Pa., seriously affected by this decision. Entire community

considered serious labor surplus area and every man-hour payroll denied means that much more in local taxes, local loss of business, and local relief rolls. This matter goes deeper than a mere acquiring of machinery and seriously affects the economic and moral fiber of our way of life. Governments by their taxing powers are rapidly destroying the competitive quality of American manufacturers and the unrestricted right grants competition for country to bid on American requirements, especially in nontaxpaying corporations and Government purchasing sets an example that can be and is in some quarters, destructive and devastating to our economic well-being. I request a delay in the granting of this contract and that the work be given to American working men and American plants.

Sincerely,

JOHN H. DENT,
Member of Congress.

Lithuanian Independence Day

EXTENSION OF REMARKS

OF

HON. THOMAS J. LANE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 4, 1959

Mr. LANE. Mr. Speaker, under leave to extend my remarks in the RECORD, I wish to include a part of my remarks in observance of the Lithuanian Independence Day at the Lithuanian Citizens Club in Lawrence, Mass., on Sunday, February 8, 1959.

The matter follows:

On Lithuanian Independence Day it is pleasant to note that Lithuania is as old as most of the other European nations, with a language, with a culture, and with political institutions that are definitely her own. In fact she was an independent state 900 years ago.

In spite of centuries of struggle to defend herself against envious neighbors, the Lithuanians have succeeded in preserving their language, which is proof of their national spirit and their pride.

It is a strange fact of history that when the savage Tartar tribes swept out of the Orient they easily conquered Russia but were defeated in battle by the Lithuanian princes.

Some of that cruel Tartar character has survived and still manifests itself in the rule by terror that is practiced by the Communists of today.

Even the famous author of Polish descent, Joseph Conrad, has said that in the second half of the 18th century there were two centers of progressive ideas on the Continent of Europe: one was France; the other, Poland and Lithuania. The educated classes of Poland and Lithuania were permeated with the humanitarian ideas of French and English literature. There was a Diet and an elective monarchy; the universities of Vilnius and Warsaw were important centers of culture. The liberal complexion of Polish and Lithuanian institutions was naturally distasteful to Russia, Prussia, and Austria, who decided to eliminate the outposts of liberal and democratic ideas by partitioning the Polish-Lithuanian commonwealth among themselves.

Lithuania's subjection to Russia lasted 120 years.

In all that long time, however, the spirit of the people never weakened. They never lost hope of regaining their freedom and independence.

The oppressive rule of the czars prevented economic and cultural development. The

only way out for many was by emigration to the New World. Happily for us, there are now over a million Lithuanians in the United States.

The people in Lithuania know that you will speak for them in the free world, so that the free world will not forget its obligations toward those who live under the hated domination of the Communists.

Meanwhile, consoled and strengthened by their Catholic faith, Lithuanians in the homeland endure the Soviet tyranny. From their history they know that they can outlast Stalin and Khrushchev and others who, being mortal, must die. But faith is eternal. Soviet troops and puppet officials seem to have the country under their control.

But there is a resistance movement that is doing its work in preparation for the day of liberation. The main purposes of this movement are: (1) to obstruct the attainment of all Bolshevik political aims; (2) to keep the local inhabitants informed of the true state of affairs; and (3) to document everything that has been done by the Soviets in Lithuania since 1944 and is still being done. And it can only be left to the free world to hope that the hour is not far distant when the authors of these outrages against humanity will be brought to account and made to pay the just penalty for their crimes.

And what about the Russian people who were the first slaves of communism? They are quiet because they know that the secret police are everywhere watching and listening. But the Russian people must be thinking of the day when they, too, can reach for freedom.

The Soviets would like everybody to forget Lithuanian Independence Day.

This is impossible.

Every year as February 16 approaches the Soviets squirm.

They hear of the proclamations issued by State Governors and mayors of the cities, giving official recognition to Republic of Lithuania Day.

United States Senators and Representatives pay tribute to Lithuania's splendid record of progress during her years of freedom, and to the admirable personal qualities of her sons and daughters in the New World.

This is not a tribute that is voiced on 1 day of each year and forgotten until the next anniversary rolls around.

It involves our own character and our own responsibilities as a democratic people.

For the principle at stake concerns the sanctity of human rights and of elementary justice and decency.

On Lithuanian Independence Day we serve notice on the Soviet Union that we shall never relax in our efforts until Lithuania becomes once again a free and equal member of the family of nations.

School Money Without Strings

EXTENSION OF REMARKS

OF

HON. THOMAS M. PELLY

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 4, 1959

Mr. PELLY. Mr. Speaker, during the past few years Federal grants-in-aid have developed rapidly until now, in a substantial degree, they help to support many major State government services. In Federal aid programs, the Congress has intended as much as possible to remove from such grants Federal direction, control, and interference, but it is obvious that through establishment of

Federal standards it is not possible to eliminate Federal bureaucratic dictation and intervention.

What has happened is that to meet enormous and ever-increasing expenditures the Federal Government has tapped the most lucrative sources of tax revenue, leaving State and municipal governments little other than real property taxes and sales excises from which to meet their needs unless these State and municipal governments duplicate Federal taxation including individual and corporation income taxes, admission taxes, beverage taxes, as well as tobacco, gift, luxury, transportation, and communication taxes, to name a few.

The Federal Government developed the grants-in-aid type of appropriations to provide incentives to State and local governments to meet local needs. In all fairness, Mr. Speaker, it should be pointed out that the purposes of these aid programs are certainly for the most part meritorious. Of course, it is neither economical nor efficient to withdraw huge sums from the taxpayers of each State and then have a portion of such funds trickle piecemeal back to the States. However, the real argument against Federal grants is of course the Federal strings and the compulsory requirements imposed by law and regulation of Federal administering bureaus.

In my State of Washington, like in many other States, the State legislature is presently struggling with the problem of obtaining funds to meet adequately the responsibilities of State government under our constitution, including the needs of education. The government has requested \$135 million in new taxes for public services as well as for a deficiency appropriation of \$25.5 million to cover overspending in public welfare and to help lower the current State deficit estimated at about \$80 million.

The Governor in his budget chopped off about \$12 million from the current State school fund estimate recommended to the legislature by our State superintendent of public instruction. The State school directors association had recommended \$40 million above the Governor's figure.

For educational construction funds our State is planning to issue \$30 million in bonds, but all the while we are told the State is running out of borrowing power.

The harrowed Governor in a dilemma has expressed an opinion that Federal aid to education is the answer.

I have opposed Federal aid to education, Mr. Speaker, but nevertheless I deemed it my responsibility to confer with our Washington State superintendent of public instruction, Lloyd Andrews, who is widely recognized as courageous politically and at the same time dedicated to the cause of public education and conversant with its financial needs.

Thus, I sent Mr. Andrews a copy of the Murray-Metcalf bill because it seemed to represent the type of legislation which will get the nod from the congressional committees having jurisdiction over education.

As I expected, Mr. Andrews wrote me opposing the bill and, may I add, I strongly share his criticism in that as presently written this bill sets forth limitations and definitions of the States' education programs, and places authority for administration in the Office of the U.S. Commissioner of Education. For example, section 4, subsection (b), spells out specifically that this money shall be used for school construction and teachers' salaries.

I agree with Washington State's superintendent of public instruction in his position as stated to me that the general operation and maintenance of our public schools must be treated as a whole, and not in this manner, or to quote Mr. Andrews' own words, "We would have to abdicate our local and State jurisdiction over educational process."

In the Murray-Metcalf bill, furthermore, as Mr. Andrews pointed out, section 5 by inference sets forth priorities for school buildings, removing from the State the latitude of determining its own needs. Also in section 6, the U.S. Commissioner determines the purposes for teachers' salaries.

Mr. Speaker, I share my State superintendent's concern of such encroachment on State and local responsibility by control of the Central Government. But I likewise have a deep interest in education and recognize adequate money must be provided to our local school authorities to enable them to provide classrooms and decently paid teachers for our expanding school population.

Therefore, I am introducing a no-strings-attached alternative bill to pay back some of their own money to the respective States and Hawaii for educational purposes free from any Federal controls. My bill would authorize an appropriation equal to 2 percent of all Federal income taxes collected in each State and Hawaii for education in the common or public schools. That is all. No standards or specifications of any sort are stipulated. The purposes for which these funds would be spent would be entirely up to each State and its legislature providing it was for education.

In other words, if some of our local school districts' financial affairs are critical, and I am convinced such is the case, let us give the local and State authorities help but refrain from dictating how they must solve their problems.

Under my bill, the handling of funds will not be in any way, shape, or form through the Federal Department of Health, Education, and Welfare. The only Federal responsibility will be the calculation of amounts to be returned to each State and then the transfer of funds by check from the Secretary of the Treasury. The amount would be automatically geared to the national income for each year. There would be no bureaucratic power or expense involved.

The accompanying table of the approximate Federal income tax collections by State or Territory for fiscal 1957 shows the estimated amount of income taxes. Also shown is 2 percent of each amount, which gives an idea of how much each State could expect to receive.

Estimated Federal income tax collections, by State or Territory, fiscal year 1957
(In millions)

State or Territory	Estimated Federal income tax collections	Estimated yearly payment to each State or Territory
Alabama.....	\$304	\$7.9
Arizona.....	170	3.4
Arkansas.....	143	2.9
California.....	5,134	102.7
Colorado.....	697	13.9
Connecticut.....	1,079	21.6
Delaware.....	702	14
Florida.....	820	16.4
Georgia.....	602	12
Idaho.....	105	2.1
Illinois.....	5,081	101.6
Indiana.....	1,275	25.5
Iowa.....	465	9.3
Kansas.....	404	8
Kentucky.....	456	9.1
Louisiana.....	510	10.2
Maine.....	156	3.1
Maryland (plus District of Columbia).....	1,368	27.3
Massachusetts.....	1,710	34.2
Michigan.....	4,104	82
Minnesota.....	939	18.8
Mississippi.....	129	2.6
Missouri.....	1,385	27.7
Montana.....	109	2.1
Nebraska.....	298	6.0
Nevada.....	77	1.5
New Hampshire.....	119	2.4
New Jersey.....	1,798	36
New Mexico.....	113	2.3
New York.....	11,985	239.7
North Carolina.....	671	13.4
North Dakota.....	62	1.2
Ohio.....	4,547	90.9
Oklahoma.....	514	10.3
Oregon.....	419	8.4
Pennsylvania.....	4,271	85.4
Rhode Island.....	259	5.2
South Carolina.....	219	4.4
South Dakota.....	59	1.2
Tennessee.....	476	9.5
Texas.....	2,016	40.3
Utah.....	150	3
Vermont.....	60	1.2
Virginia.....	695	13.9
Washington.....	728	14.6
West Virginia.....	274	5.5
Wisconsin.....	1,124	22.5
Wyoming.....	49	1
Alaska.....	29	.6
Hawaii.....	128	2.6
Puerto Rico.....	1	.02
Total.....	159,078	1,181.6

¹ The difference between this total of \$59,078,000,000 and the total figure of \$60,560,000,000 as reported by the Internal Revenue Service is due to: (1) A difference in the old-age, survivors, and disability insurance contributions' data estimated by the IRS for the entire United States, and the Department of Health, Education, and Welfare estimates thereof, which had to be used in compiling this report; and (2) other adjustments made by the IRS to its State data in deriving its total figures—1 such adjustment is a \$797,000,000 adjustment for undistributed depositary receipts.

Sources: 1957 Annual Report of the Commissioner of Internal Revenue and Social Security Bulletin, March 1958.

As a matter of interest I am also showing the figures from the budget of the United States Government for fiscal 1960 to indicate other amounts allocated to education in the form of grants.

Selected Federal grants for education

Program	Appropriations	
	Fiscal 1958	Fiscal 1959
1. Vocational education.....	\$33,750,000	\$33,750,000
Permanent authorization.....	7,138,000	7,138,000
Land-grant colleges.....	2,502,000	2,502,000
Permanent authorization.....	2,550,000	2,550,000
3. Grants for library services.....	5,000,000	6,000,000
4. Federal-impacted areas assistance for—		
School construction.....	98,650,000	50,800,000
Maintenance and operation.....	127,000,000	130,000,000

Selected Federal grants for education—Con.

Program	Appropriations	
	Fiscal 1958	Fiscal 1959
5. Program and financing, Office of Education.....	\$7,186,000	\$8,786,000
6. President's Committee on Education Beyond the High School.....	50,000	(1)
7. National Defense Education Act of 1958.....		40,000,000
8. National school lunch program.....	99,872,340	145,000,000
Total.....	383,608,340	426,526,000

¹ No longer operating.

² Estimated.

Finally, Mr. Speaker, let me urge consideration of a no-strings-attached type of bill instead of opening the door to a program that will only end with a Federal bureaucrat, so to speak, sitting on and dictating to, so to speak, every school board in America. Let us not take away the management of our schools from the parents and local communities and school boards.

Address by Hon. Herman E. Talmadge,
of Georgia, Before the American Coalition
of Patriotic Societies

EXTENSION OF REMARKS
OF

HON. HERMAN E. TALMADGE

OF GEORGIA

IN THE SENATE OF THE UNITED STATES

Wednesday, February 4, 1959

Mr. TALMADGE. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD the text of an address which I delivered on Tuesday, February 3, 1959, at the 29th annual convention luncheon of the American Coalition of Patriotic Societies, held at the Mayflower Hotel, in Washington, D.C.

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

THE CONSTITUTION AND RESPONSIBLE
GOVERNMENT

(Text of remarks of Hon. HERMAN E. TALMADGE, of Georgia, in addressing the 29th annual convention luncheon of the American Coalition of Patriotic Societies held in Washington, D.C.)

President Lory, distinguished guests and members of the American Coalition of Patriotic Societies, to have the privilege of sharing this significant occasion with you is a twofold pleasure for me.

Not only is it a great honor for which I am deeply and humbly grateful but, even more important, it affords me the desired opportunity to express to you and the societies you represent my profound gratitude for the assistance and support which you gave me, as a freshman Senator, in obtaining an unmistakable expression of public sentiment on the question of freedom of debate in the Senate.

The 364-page printed transcript of testimony, statements, and letters compiled by the special subcommittee of which I was chairman during the 85th Congress was the most comprehensive presentation of public

sentiment on limitation of debate ever assembled. It was an impressive and convincing document which confirmed my long-held belief that the rank and file of the American public consider free debate in the Senate a vital safeguard of individual liberty in this country.

While I personally was opposed to any change in the Senate's rule governing closure, I am pleased to report to you that the revisions made will not affect materially the right of any Senator to speak out in defense of the viewpoint of his State and people. Furthermore, I am convinced that the addition of a new provision recognizing for the first time in the rules of the Senate the body's constitutional continuity more than offsets the changes which were made.

Considered in balance, I believe those of us who adhere to the concept that the Senate is a continuing repository of State sovereignty on the national level won an impressive victory for constitutional government—a victory in which you of the American Coalition of Patriotic Societies can take particular pride for the invaluable role which you played in making it possible.

I want to thank each of you here today as representatives of your individual organizations for the magnificent way in which you acted to bolster our defense of constitutional fundamentals. And I especially want to express my gratitude to your alert and able executive secretary, Mrs. Leetch, for her indefatigable efforts in seeing that you and, through you, your organizations and citizens at the grassroots level throughout the Nation were fully informed about the ramifications of the issue. She is doing an outstanding job for you and the Nation.

It is most gratifying and encouraging to those of us in Congress who subscribe to the philosophy that responsible government is the product of strict adherence to the Constitution of the United States word for word as it is written to know that we are backed in our position by dedicated organizations with truly national memberships like the American Coalition. I wish this country had 100 more groups like yours to espouse the principles of the Declaration of Independence and the Constitution of the United States and I am confident that if we had them the affairs of our Nation, both foreign and domestic, would not be in their present sad state.

The Declaration of Independence was written to give expression to the principles which our forefathers learned from bitter experience were essential to the maintenance of liberty and the Constitution was drafted and ratified to perpetuate those principles for posterity.

Under them the United States was founded as a nation in which government at all levels would be the least government necessary to do for the people what the people could not do for themselves.

Under them the United States was founded as a nation which respected the rights and integrity of other nations and demanded that it be accorded the same respect.

Under them the United States was founded as a nation dedicated to faith in God and the right of the individual to achieve his highest destiny under God consistent with the right of every other individual to do the same.

So long as the United States adhered to those founding principles, it grew, prospered, and was respected throughout the world.

But in recent years the United States has departed from those founding principles and, as a result, its economy is deteriorating, the rights of its people are being circumscribed and it is losing the respect of the other nations of the world.

In foreign affairs we have taken the position that we are always right and everyone else is always wrong. We have undertaken

to try to make the world over in our own image and in so doing have sought to substitute words for wisdom, dollars for deeds, and bluster for good faith.

In domestic affairs we have countenanced the development of the philosophy that an all-powerful Central Government is better qualified to manage the affairs of the people than are the people themselves. In so doing we have sanctioned an ever-encroaching Federal bureaucracy which is steering the Nation on the road to bankruptcy and totalitarianism.

In personal affairs we have built unto ourselves false gods of creature comforts and have become so preoccupied with an all consuming quest for security that we have forgotten the words of the Psalmist that "blessed is the nation whose God is the Lord."

Is it any wonder then that our enemies depict us throughout the world as a nation of neurotic, meddling busybodies who attempt to buy what we are unable to earn and to preach what we ourselves are unwilling to practice?

Is it any wonder then that we are burdened with a taxload which borders on confiscation and a national debt which has mortgaged future generations and that government by laws enacted by the elected representatives of the people has given way to government by executive decree, judicial edict, and Federal bayonet?

Is it any wonder then that we have become a Nation plagued by stomach ulcers and heart attacks in which personal debt and national crime have reached all-time records and the Golden Rule is something which is used only to print on advertising rulers?

The sum total of the experience of mankind is that the inevitable result of the failure to profit by the mistakes of the past is to repeat them in the future.

Distressing as it is to admit, we in the United States seem bent upon proving that we have learned nothing from the past of either our own or any other nation.

What other conclusion can be drawn from the plain facts that the policies which we are following at home and abroad are diametrically opposed to the principles upon which our country was founded and are parallel to the courses which have brought about the downfall of every other major world power in history?

The apologists for our present course of personal and political expediency seek to promote their ends through the coercion of conformity and the intimidation of labels. Their reply to criticism is to call the critic a reactionary or worse and to plead in the name of their brand of pseudo-progress that changing times and changing conditions have made our founding fundamentals obsolete.

They would have the American people believe that the Constitution of the United States is an accordion which can be contracted or expanded to play any tune which might be popular at any time rather than the music by which the instrument is supposed to be played.

The lessons of the past give the lie to those constitutional improvisers.

They choose either to forget or deliberately to ignore that the collapse of Roman law under the weight of a decadent bureaucracy heralded the conquest of Rome by the barbarians.

They choose either to forget or deliberately to ignore that the attempt of the British Empire to extend its control over the world reduced Britain to national bankruptcy, state socialism, and military impotence.

They choose either to forget or deliberately to ignore that every nation in the history of the world which has sought to control the destiny of the world at the expense of its own citizens has fallen from within or without.

It could happen to the United States unless we change our course.

It will happen to Soviet Russia unless that country changes its course.

The advocates of our present course maintain there is no alternative.

I emphatically reject that philosophy of fatalism.

There is an alternative to a foreign policy based upon the inevitability of world conflict.

There is an alternative to a domestic policy based upon the regimentation of people and resources.

There is an alternative to a personal philosophy based upon physical existence as an end unto itself.

That alternative is simply expressed in the development of an America so strong militarily, economically, and spiritually that any nation choosing to attack us invites not retaliation but annihilation.

And it is an alternative which can be realized only in a return to the principles of individual freedom, free-enterprise economy, and government on all levels which is the servant, not the master, of the people.

The cause of our present national dilemma is what Thomas Jefferson characterized as "more machinery of government than is necessary."

With the exception of the external menace of communism, all of the ills and problems of the United States can be summarized in the one phrase—too much government.

The American economy is suffering from too much government.

We have 48-cent dollars and face the prospect of 10-cent dollars as the result of ever-broadening governmental policies and programs which are bankrupting our Nation and mortgaging our future.

American prestige abroad is suffering from too much government.

We find ourselves despised and distrusted throughout most of the world as the result of our continued interference in the affairs of other nations through our various bureaucratic and paternalistic programs of spending and instruction.

The American people themselves are suffering from too much government.

The mushrooming Federal establishment, like quicksand claiming its victim, is steadily embracing more and more affairs traditionally and constitutionally regarded as local matters and as a result the individual citizen finds himself with less and less voice in the conduct of his local government and its institutions.

I cannot bring myself to believe that the majority of American people approve of the current philosophy that central governments must be all things to all men and do all things for all men.

To the contrary, the mail which I receive from all sections of the Nation indicates to me that the average citizen is gravely concerned about the present course of our Nation and the consequences of pursuing it to its ultimate conclusion.

It is my belief that the American people want to see the Federal budget balanced and the Nation's economy stabilized.

It is my belief that the American people want the United States to cease doing for people in other countries what it either is unable or unwilling to do for our own citizens here at home.

It is my belief that the American people want the Federal Government to confine its activities to those areas reserved to it by the Constitution and leave the management of all other affairs to local people on the local level.

It is my belief that the American people want above all else for the United States to be made militarily and economically secure and for themselves to be left alone to run their own affairs and enjoy the fruits of their own labors.

Our present course offers only one of three ultimate conclusions: conquest from without, collapse from within or development here in the United States of a totalitarian government as reprehensible as that which exists in the Soviet Union.

It is incomprehensible to me that free men and women living in a free society will choose to wait supinely for either of the first two consequences or to countenance passively the implementation of the latter.

I choose rather to believe with Thomas Jefferson that—

"The people may be misled or deceived for a time, but where the avenues of truth are open there men will learn to reject what is false and harmful. Where the people are well informed, they can be trusted with their own government; whenever things get so far wrong as to attract public notice they may be relied upon to set them to rights."

Throughout the Nation there is a growing awakening to the dangers inherent in our country's present policies and a swelling voice for a recognition of the lessons of the past through a return to the fundamentals of constitutional, republican government.

I feel with all my being that the American people already would have expressed themselves in favor of such a return to fundamentals had they had a clear-cut choice at the polls.

They certainly did not have it last November and frankness compels the observation that the overwhelming sweep of the Democratic Party was less an endorsement of its program than it was a repudiation of the Republican Party for its failure to act decisively to solve the Nation's problems.

Perhaps the saddest aspect of our present situation is that at this critical juncture in our national life, we of the United States have no one in a position of top executive responsibility to whom we can look for dynamic and imaginative leadership to thwart the spread of inflation and regimentation at home and to deal with the threat of communism abroad.

But I have unlimited faith in the desire and willingness of the American people to demand that their national house be set in order and I believe that that desire and willingness is not far from making itself felt.

In a constitutional republic such as ours, the masses may not be immediately articulate, but once given leaders and leadership they are swift in making their wishes felt and known.

A fact which must never be discounted is that the essence of our concept of constitutional government is, from the words of the Declaration of Independence, that our National Government derives its "just powers from the consent of the governed."

It is true that policies and programs can be initiated and sometimes even carried out without the "consent of the governed" but ultimately, as always has been the case in our national life, the will of the people has overwhelmed the efforts of those who sought to frustrate or circumvent it.

The most serious constitutional problem to confront our Nation since the War Between the States is the direct result of the failure of those in responsible positions of leadership in all three branches of the Federal Government to take into account the fact that governmental programs and policies to be implemented successfully must square with the "consent of the governed."

I refer to the present effort to force a new social order upon an entire region of our Nation by judicial constitutional amendment.

It is my firm conviction that the historians of the future in looking back upon the present time will record as one of the gravest and most costly mistakes of our national life

the decision of the Supreme Court of the United States to usurp unto itself authority to make judicial questions out of matters of human relations which should be left to the orderly processes of evolution.

I say that, my friends, because, unless Congress acts soon and decisively to resolve that issue on a realistic, constitutional basis, the inevitable result will be the destruction of public education throughout the South. And, engaged as we are in a life-or-death struggle with the forces of world communism, the United States cannot under any circumstances afford to permit such a tragic consequence to rob it of the minds and talents of a great segment of its youth.

The answer is not to be found in the use of Federal bayonets, Federal control of education, or rearing a generation in ignorance.

My long and serious study of the question has convinced me that—feelings on the subject being as strong and as inflamed as they are on both sides—there is only one solution compatible with constitutional concepts to which all persons of all shades of opinion can subscribe.

That solution is to invoke our heritage of "consent of the governed" by amending the Constitution of the United States to give the people on the State and local level the right to determine for themselves the manner in which the issue will be solved in their localities.

It was with that in mind that I last week stood before the Senate and, with all the sincerity of my being, proposed a constitutional amendment which would read as follows:

"Administrative control of any public school, public educational institution, or public educational system operated by any State or by any political or other subdivision thereof, shall be vested exclusively in such State and subdivision and nothing contained in this Constitution shall be construed to deny to the residents thereof the right to determine for themselves the manner in which any such school, institution, or system is administered by such State and subdivision."

The adoption of such an amendment would settle the question for all times and rid the Nation of a divisive issue which threatens to tear it asunder.

That is true because such a provision in our Constitution would leave the citizens of each State and locality free to make their own decisions in accordance with local conditions and prevailing attitudes as to how and when their schools would comply with the Supreme Court's school decision.

That is true because such a provision in our Constitution would prevent destruction of the public schools of the South and would end for all time any threat from any quarter of Federal control of education.

That is true because such a provision in our Constitution would assure uninterrupted instruction for all the children of this country regardless of their color or place of residence.

That is true because such a provision in our Constitution would permit either retention of the status quo or orderly change as dictated by the requirements of public opinion and make certain that whatever change might take place would be by the constructive process of evolution rather than the destructive process of revolution.

That is true because such a provision in our Constitution would create a basis for unity throughout the Nation at a time when it is vitally important that we present a united front before our enemies.

The public schools of the United States are local institutions which have been established and are operated and financed by local people on the local level and all persons willing to view the question dispassionately will admit that to fulfill their role they must be administered on the local level in accordance

with the wishes of the parents of the children attending them.

I do not believe there is any person who is genuinely concerned about the future of our Nation and the education of all its children who cannot and will not subscribe to the proposition of local control of schools.

And it is on that basis that I have appealed to all Americans—particularly to the parents of school-age children—to let their wishes on this subject be known to their Senators and Congressmen. It is an appeal which I reiterate here today and urge that you take it back with you to the citizens and organ-

izations of your respective communities throughout the Nation.

I am convinced that if the public will express itself on this question the result will be to give the 86th Congress a mandate to afford the people of America an opportunity to amend the Constitution to assure for all time to come that control of the public schools shall forever remain in the hands of local people on the local level.

Our heritage as free Americans is that our Government's foundations rest upon the will of the people.

It is a heritage of which we are proud and which the entire world respects.

It is a heritage to which we must adhere if we are to succeed in passing it uncommitted to our children and their children after them.

It is a heritage which is to be put to an acid test in the issues now confronting our country.

Those of us who believe in responsible, constitutional government have our work cut out for us if we are to preserve that heritage.

With our faith in Almighty God and our feet firmly planted on the rock of the Constitution, I am supremely confident that we shall not fail.

I thank you.

SENATE

THURSDAY, FEBRUARY 5, 1959

The Senate met at 11 o'clock a.m.

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

Eternal God, who art righteous in all Thy ways and holy in all Thy works, whose kingdom is an everlasting kingdom, and whose dominion endureth throughout all generations, and yet who art high unto all them that call upon Thee in truth.

All that is highest and deepest in our own lives finds its source in the living fountain of Thine own Being—

For every virtue we possess
And every victory won,
And every thought of holiness
Are Thine alone.

Speak to our hearts when courage fails and men faint for fear and the love of many grows cold and there is distress among the nations upon the earth.

Keep us resolute and steadfast in the things that cannot be shaken. Restore our faith in the omnipotence of good; and may we see, beyond the seen and temporal, the things unseen and eternal.

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

THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, February 4, 1959, was dispensed with.

MESSAGES FROM THE PRESIDENT

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

EXECUTIVE MESSAGE REFERRED

As in executive session,

The VICE PRESIDENT laid before the Senate a message from the President of the United States submitting sundry nominations, which was referred to the Committee on Armed Services.

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its

reading clerks, announced that the House had passed a bill (H.R. 2256) to amend chapter 37 of title 38, United States Code, to provide additional funds for direct loans; to remove certain requirements with respect to the rate of interest on guaranteed loans; and for other purposes, in which it requested the concurrence of the Senate.

TRANSACTION OF ROUTINE BUSINESS

Mr. JOHNSON of Texas. Mr. President, under the rule, there will be the usual morning hour for the introduction of bills and the transaction of other routine business. I ask unanimous consent that statements in connection therewith be limited to 3 minutes.

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

THE PRESIDENT'S CIVIL RIGHTS MESSAGE

Mr. JOHNSON of Texas. Mr. President, as a result of the courtesy of the President of the United States, I had an opportunity this morning to have delivered to me by his assistant, Mr. Harlow, the President's message on civil rights.

At this time I could not comment on the specific proposals. I believe it will be necessary to make a study of the bills that will follow. But there have been published in the newspapers some articles about this message and other messages, and the course of action the Congress may take. I believe the President's message is based upon the principle of conciliation and upon the stated objective of "building a better understanding."

Each of the President's proposals may not be a proper road to the objective. But that is something that can be determined by prudent men who are going to examine each bill in the light of reason.

A few weeks ago, Mr. President, I presented some suggestions on this subject, and they were incorporated in bills which were appropriately referred. At that time I said I hoped more would be forthcoming. Since then, we have had the suggestions of the Senator from Illinois [Mr. DOUGLAS] and some colleagues associated with him. Now we have the administration's recommendations that come from the Department of Justice and the Department of Health, Education, and Welfare. Perhaps other departments will be affected.

When we examine all these proposals together, the Congress may find that some are not practical but some that are very wise. It is our job to sort them out, to determine which course, in our judgment, will best serve the interest of unity in our country.

But, Mr. President, I believe the important thing is that there be an atmosphere of reason, an atmosphere in which all proposals can be considered and the issues decided upon their merits. I hope that will be the case. I believe it will be the case.

Mr. DIRKSEN. Mr. President, I am quite gratified by the not only temperate but reasoned statement made just now by the majority leader. I think he has put in proper focus the attitude of the President of the United States in this rather explosive field—and I believe we can say it is an explosive field, sometimes surcharged with a high degree of emotionalism.

But everyone knows that the President of the United States is a man of utmost good will who always has devoted himself to the moderate course. I think the dictionary says "moderation is the avoidance of both extremes"; and certainly that can be applied to the President of the United States. He makes the point that the rule of law must be supreme and that equality of the individual must be advanced.

So his whole hope, as it has been indicated in the conferences I have been privileged to attend, attests the fact that his is always the modest approach in the direction of great moral goals. And I am confident that in proportion as we do bring reason—sometimes referred to as "sweet reason"—to this rather challenging problem, we shall get the job done.

My distinguished friend has stated that Congress can be moderate, too; and that is absolutely true. As I look back over a long period of time, I believe that, somehow, with time, patience, forbearance, and the impact of the good, healing force that always has been manifest in both bodies of the Congress, we come to solid conclusions, and do so in a moderate and reasoned fashion.

So I am hopeful and, in fact, confident that out of this approach something constructive and fruitful will be achieved.

Mr. JOHNSON of Texas. Mr. President, I thank the distinguished minority leader. He has made the type of statement which I would expect to come from one who has followed so moderate, intelligent, and constructive a course