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 organizations 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 uncompromised 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 nigh 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

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throughout so many years of public service.

Mr. DIRKSEN. I thank the Senator from Texas.

EXECUTIVE COMMUNICATIONS, ETC.

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

PLANS FOR WORKS OF IMPROVEMENT IN STATES OF MISSISSIPPI, NORTH CAROLINA, NORTH DAKOTA, AND SOUTH DAKOTA

A letter from the Acting Director, Bureau of the Budget, Executive Office of the President, transmitting, pursuant to law, plans for works of improvement in the States of Mississippi, North Carolina, North Dakota, and South Dakota (with accompanying papers); to the Committee on Agriculture and Forestry.

REPORT ON OVEROBLIGATION OF AN APPROPRIATION

A letter from the Secretary of Defense, reporting, pursuant to law, the overobligation of the appropriation for "Medical and dental care in nonnaval facilities" (with accompanying papers); to the Committee on Appropriations.

REPORT ON REAPPORTIONMENT OF AN APPROPRIATION

A letter from the Acting Director, Bureau of the Budget, Executive Office of the President, reporting, pursuant to law, that the administrative expense authorization of the Commodity Credit Corporation for the fiscal year 1959, had been apportioned on a basis of indicating the need for a supplemental estimate of administrative expense authorization because of increased pay costs; to the Committee on Appropriations.

REPORT ON BORROWING AUTHORITY

A letter from the Director, Office of Civil and Defense Mobilization, Executive Office of the President, transmitting, pursuant to law a report on borrowing authority, for the quarter ended September 30, 1958 (with an accompanying report); to the Committee on Banking and Currency.

AMENDMENT OF INTERNATIONAL ORGANIZATIONS IMMUNITIES ACT

A letter from the Acting Secretary of State, transmitting a draft of proposed legislation to amend the "International Organizations Immunities Act" extending certain privileges, exemptions, and immunities to international organizations and to officers and employees thereof (with an accompanying paper); to the Committee on Finance.

INVITATION TO CONGRESS TO PARTICIPATE IN A SECOND STRASBOURG CONFERENCE

A letter from the Assistant Secretary of State, transmitting a letter from the President of the Consultative Assembly of the Council of Europe, inviting the Congress to participate in a Second Strasbourg Conference in the fall of 1959, together with members of the Canadian Parliament and parliamentary representatives from the Council of Europe (with an accompanying paper); to the Committee on Foreign Relations.

AUDIT REPORT ON WASHINGTON NATIONAL AIRPORT

A letter from the Comptroller General of the United States, transmitting, pursuant to law, an audit report on the Washington National Airport, Civil Aeronautics Administration, Department of Commerce (succeeded by Federal Aviation Agency), fiscal years 1956–58 (with an accompanying report); to the Committee on Government Operations.

REPORT ON REVIEW OF AIRCRAFT ENGINE OVERHAUL PIPELINE IN DEPARTMENT OF THE NAVY

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on review of the aircraft engine overhaul pipeline in the Department of the Navy, dated February 1959 (with an accompanying report); to the Committee on Government Operations.

REPORT ON REVIEW OF ACTIVITIES OF U.S. ARMY ENGINEER SUPPLY CENTER, TOKYO, JAPAN

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on review of activities of the U.S. Army Engineer Supply Center, Tokyo, Japan (with an accompanying report); to the Committee on Government Operations.

GRANTING TEMPORARY ADMISSION INTO THE UNITED STATES OF CERTAIN ALIENS

A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, copies of orders entered, granting temporary admission into the United States of certain aliens (with accompanying papers); to the Committee on the Judiciary.

ADJUSTMENT OF IMMIGRATION STATUS OF CERTAIN ALIENS

A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, copies of orders entered in the case of certain aliens, relating to adjustment of their immigration status (with accompanying papers); to the Committee on the Judiciary.

COMMISSION ON EQUAL JOB OPPORTUNITY UNDER GOVERNMENT CONTRACTS

A letter from the Secretary of Labor, transmitting a draft of proposed legislation to establish a Commission on Equal Job Opportunity Under Government Contracts (with an accompanying paper); to the Committee on Labor and Public Welfare.

SPECIAL PROFESSIONAL SERVICES NEEDED IN CARRYING OUT PUBLIC SCHOOL DESEGREGATION PROGRAMS

A letter from the Secretary, Department of Health, Education, and Welfare, transmitting a draft of proposed legislation to assist in meeting the costs of special professional services needed in carrying out public school desegregation programs, and for other purposes (with accompanying papers); to the Committee on Labor and Public Welfare.

PLANS FOR WORKS OF IMPROVEMENT IN STATES OF TENNESSEE AND TEXAS

A letter from the Acting Director, Bureau of the Budget, Executive Office of the President, transmitting, pursuant to law, plans for works of improvement in the States of Tennessee and Texas (with accompanying papers); to the Committee on Public Works.

PETITIONS AND MEMORIALS

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

By the VICE PRESIDENT:

A resolution of the General Assembly of the State of Georgia; to the Committee on the Judiciary:

"H.R. 99

"Resolution memorializing Congress to call a convention for the purpose of considering an amendment to the Constitution of the United States relative to the administration by the several States of their respective school systems, and for other purposes

"Whereas recent decisions of the Supreme Court of the United States have tended to withdraw from the sovereign States power to administer their respective school systems in a fashion never contemplated or intended for the ratifiers of the Constitution; and

"Whereas this unconscionable usurpation of power has caused much dissension, discord, and disagreement, not only among the several States in the Union, but among the races, and tends to destroy the very basis of the sovereignty of the several States; and

"Whereas the enforcement of the decisions of the Supreme Court has led to bloodshed and tends to endanger public education throughout the several States of the Union; and

"Whereas the statehood bill submitting Alaska to the Union provides that administrative control of the public schools shall be vested exclusively in such State; and

"Whereas the junior Senator of the State of Georgia, Hon. HERMAN E. TALMADGE, has proposed an amendment to the Federal Constitution to grant to the several States the same right to control its public school system as has been granted to Alaska, in which this body concurs unanimously; and

"Whereas it is desirable that such amendment not provide for a local option, as to political subdivisions less than the States: Now, therefore, be it

"Resolved by the General Assembly of Georgia, That the Congress of the United States be petitioned and is hereby petitioned to call a convention for the purpose of proposing the following article as an amendment to the Constitution of the United States:

"ARTICLE

" 'SECTION 1. 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 the residents thereof the right to determine for themselves the manner in which any school institution or system is administered by such State and subdivision.'; and be it further

"Resolved, That the Congress of the United States be and it hereby is requested to provide the mode of ratification that said amendment shall be valid to all intents and purposes as part of the Constitution of the United States when ratified by the legislatures of three-fourths of the several States; and be it further

"Resolved, That a duly attested copy of this resolution be immediately transmitted to the Secretary of the Senate of the United States, the Clerk of the House of Representatives of the United States, and to each Member of the Congress in the State of Georgia; and be it further

"Resolved, That a duly attested copy of this resolution be immediately transmitted to the Governor of every State of the Union, the president of the State senate of every State, and the speaker of the house of representatives of every State, for the express purpose of encouraging the several sovereign States to take similar action in their legislatures to encourage the adoption of the foregoing amendment to the United States Constitution."

A letter in the nature of a petition from the Manor Park Citizens' Association, Washington, D.C., favoring a reduction in the $77 billion Federal budget; to the Committee on Appropriations.

By Mr. CARROLL:

A joint resolution of the legislature of the State of Colorado; to the Committee on Interstate and Foreign Commerce:

"HOUSE JOINT MEMORIAL 1

"Memorializing the Congress of the United States to take such remedial action as deemed necessary to preclude the closing of low-power booster stations necessary for television reception in certain areas of the State of Colorado

"Whereas there are many communities and farm areas within the State of Colorado whose people depend upon low-power booster

stations as their only means of receiving television programs; and

"Whereas the rugged terrain of the Rocky Mountain region makes the use of ultra-high frequency translator stations impractical, if indeed not impossible, according to the opinions expressed by competent and qualified broadcast engineers, as well as by certain members of the Federal Communications Commission; and

"Whereas it is economically impossible for these communities and farm areas to support, construct, or operate any other form of duly authorized television services; and

"Whereas there is ample proof that low-power booster stations can be regulated so as to preclude interference with licensed television services or other services; and

"Whereas the Federal Communications Commission did summarily dismiss, without formal hearing, its own rulemaking proceedings relating to 'repeater' or 'booster' stations operating in the VHF television band of frequency assignments; and

"Whereas the Federal Communications Commission did on December 31, 1958, make formal announcement of its dismissal of petitions for reconsideration, including those filed by Gov. Stephen L. R. McNichols, of Colorado; the Honorable Edwin C. Johnson, former governor and U.S. Senator from Colorado; and the Honorable GORDON ALLOTT, U.S. Senator from Colorado—all of whom sought to procure reasonable rules which would permit the continued operation of said booster stations under the regulatory power of the Federal Government; and

"Whereas the Federal Communications Commission did also announce on December 31, 1958, that all booster stations would be given a period of 90 days in which to apply for conversion of ultra-high frequency translators or some other authorized television operation, and upon failure to do so would be ordered to cease operation: Now, therefore, be it

"Resolved by the House of Representatives of the 42d General Assembly of the State of Colorado, the Senate concurring herein, That this general assembly hereby memorializes the Congress of the United States for such remedial action within such 90-day period as the Congress deems fit through the exercise of its authority over the Federal Communications Commission to insure the continued operation of low-power booster stations, to the end that the people in the nonmetropolitan areas of the State of Colorado shall not be denied their basic right to equality of access to the informational, educational, inspirational, cultural, and entertainment service of the American system of free television broadcasting; and be it further

"Resolved, That a copy of this memorial be transmitted to the President of the Senate and the Speaker of the House of Representatives of the Congress of the United States, and to the Senators and Congressmen representing the State of Colorado in the Congress of the United States.

"CHARLES R. CONKLIN,
"Speaker of the House of Representatives.
"ROBERT S. EBERHARDT,
"Chief Clerk of the House of Representatives.
"ROBERT T. KNOWS,
"President of the Senate.
"LUCILE L. SHUSTER,
"Secretary of the Senate."

By Mr. HRUSKA:

A resolution of the Legislature of the State of Nebraska; to the Committee on Finance:

"LEGISLATIVE RESOLUTION 11

"Whereas since the enactment in 1919 of the first State gasoline tax, this levy has been historically and rightfully a State tax; and

"Whereas the gasoline tax has traditionally provided the major portion of the funds needed by the States to construct and maintain their highway system; and

"Whereas in 1932, the Federal Government also imposed an excise tax on gasoline, as a temporary, emergency, revenue-producing measure; and

"Whereas the expressed, and reaffirmed, intent of Congress to vacate this tax field has not been carried out; and

"Whereas instead, the original Federal excise on gasoline has been continued and increased by 200 percent; and

"Whereas the mounting Federal tax on this product threatens to preempt this legitimate tax source belonging by priority and equity to the States; and

"Whereas further increase in the Federal gasoline tax rate would lead to serious restriction upon the ability of the States to secure funds for needed highway improvements: Now, therefore, be it

"Resolved by the members of the Nebraska Legislature in 69th session assembled, That the 69th session of the Nebraska Legislature, does respectfully record its opposition to any further increase in the present Federal excise tax on gasoline; and be it further

"Resolved, That a copy of this resolution be transmitted by the clerk of the legislature to the Office of the President of the United States and to the Members of the House of Representatives and of the U.S. Senate from Nebraska, and to the chairman of the Ways and Means Committee of the House of Representatives and to the chairman of the Finance Committee of the U.S. Senate.

"DWIGHT W. BURNEY,
"President of the Legislature.
"HUGO F. SRB,
"Clerk of the Legislature."

RESOLUTION OF LEAGUE OF NORTH DAKOTA MUNICIPALITIES

Mr. LANGER. Mr. President, I ask unanimous consent to have printed in the RECORD a resolution adopted by the League of North Dakota Municipalities at Devils Lake, N. Dak., relating to construction grants to municipalities.

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

Whereas Public Law 660 (sewage construction grant program) administered by the States through the U.S. Public Health Service has done much to promote and develop sewage treatment in North Dakota; and

Whereas due to limitations of $250,000 for any one grant, the larger communities are not receiving grants of 30 percent of the cost of the project, as specified in Public Law 660; and

Whereas funds presently allocated are insufficient to develop this program in most States: Now, therefore, be it

Resolved, That the League of North Dakota Municipalities in convention at Devils Lake urges the U.S. Congress to amend Public Law 660 to permit construction grants at a level of not less than $100 million a year and that the maximum grant to any one municipality be raised to $500,000; and be it further

Resolved, That the Secretary of the League of North Dakota Municipalities be instructed to transmit copies of this resolution to each Senator and Congressman from North Dakota, to the chairmen of the House and Senate Committees on Public Works, and to the Secretary of Health, Education, and Welfare.

DEVILS LAKE, *October 14, 1958.*

EXTENSION OF TIME FOR MAKING GRANTS UNDER FEDERAL AIRPORT ACT—REPORT OF A COMMITTEE

Mr. MONRONEY. Mr. President, from the Committee on Interstate and Foreign Commerce, I report favorably, with amendments, the bill (S. 1) 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, and I submit a report (No. 49) thereon. I ask unanimous consent that the report be printed, together with minority views.

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

BILLS INTRODUCED

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

By Mr. GOLDWATER:

S. 942. A bill to establish a Commission on Equal Job Opportunity Under Government Contracts; to the Committee on Labor and Public Welfare.

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

By Mr. ENGLE (for himself, Mr. ALLOTT, Mr. ANDERSON, Mr. BIBLE, Mr. CANNON, Mr. CARROLL, Mr. CHAVEZ, Mr. KUCHEL, Mr. MCGEE, and Mr. MOSS):

S. 943. A bill to provide for a program of weather modification to be carried out by the Secretary of the Interior, acting in cooperation with the National Science Foundation, to increase substantially the annual average of usable supply of water available in the Colorado River drainage basin, and for other purposes; to the Committee on Interstate and Foreign Commerce.

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

By Mr. KEFAUVER:

S. 944. A bill to encourage the establishment of voluntary pension plans by self-employed individuals; to the Committee on Finance.

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

By Mr. LANGER:

S. 945. A bill amending the Internal Revenue Code of 1954 to provide an additional exemption for income tax purposes to a taxpayer for each of his dependents who is blind; to the Committee on Finance.

By Mr. CASE of South Dakota:

S. 946. A bill to amend the Soil Bank Act and the Federal Crop Insurance Act in order to permit certain payments made under such acts to be made in grain with a 10-percent bonus, in lieu of cash, if the producer elects the payment in grain from stocks controlled by the Commodity Credit Corporation; to the Committee on Agriculture and Forestry.

By Mr. BUTLER:

S. 947. A bill for the relief of the estate of Verentes Bent, deceased; to the Committee on the Judiciary.

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

S. 948. A bill to liberalize the tariff laws for works of art and other exhibition material, and for other purposes; to the Committee on Finance.

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

By O'MAHONEY:

S. 949. A bill for the incorporation of the Ladies of the Grand Army of the Republic; to the Committee on the Judiciary.

By Mr. O'MAHONEY (for himself, Mr. KEFAUVER, Mr. LANGER, Mr. HUMPHREY, and Mr. MORSE):

S. 950. A bill to amend section 1(e) of title 17 of the United States Code with regard to the rendition of musical compositions on coin-operated machines; to the Committee on the Judiciary.

By Mr. CARLSON:

S. 951. A bill to amend the Agricultural Act of 1949, as amended; to the Committee on Agriculture and Forestry.

By Mr. HUMPHREY:

S. 952. A bill to amend the Immigration and Nationality Act; to the Committee on the Judiciary.

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

WELCOME TO INTER-AMERICAN BAR ASSOCIATION

Mr. SMATHERS submitted the following concurrent resolution (S. Con. Res. 9), which was referred to the Committee on the Judiciary:

Whereas the Inter-American Bar Association will hold its 11th conference at Miami, Fla., during the month of April 1959; and

Whereas the purposes of the association, as stated in its constitution, are to establish and maintain relations between associations and organizations of lawyers, national and local, in the various countries of the Americas, to provide a forum for exchange of views, and to encourage cordial relations among the lawyers of the Western Hemisphere; and

Whereas the high character of this international association, its deliberations and its members can do much to encourage cordial relations among the countries of the Western Hemisphere: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That the Congress of the United States welcomes the Inter-American Bar Association to the United States, and wishes the association unparalleled success in its 11th conference; and be it further

Resolved, That a copy of this resolution be transmitted to the secretary general of the Inter-American Bar Association.

COMMISSION ON EQUAL JOB OPPORTUNITY UNDER GOVERNMENT CONTRACTS

Mr. GOLDWATER. Mr. President, today the President is sending to Congress his message on civil rights. A part of that program will entail hearings before the Committee on Labor and Public Welfare. As the ranking Republican member of that committee, I introduce and ask that it be referred to the Committee on Labor and Public Welfare, a bill to establish a Commission on Equal Job Opportunity Under Government Contracts.

To those who might think it strange that a States righter is introducing a bill of this type, let me point out this Commission would have to do only with Federal Government contracts, and would not impinge on the rights of the States.

I ask that the bill be printed and lie on the table until the close of business on Monday next so that my colleagues who care to may join me in the bill.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD, and lie on the table, as requested by the Senator from Arizona.

The bill (S. 942) to establish a Commission on Equal Job Opportunity Under Government Contracts, introduced by Mr. GOLDWATER, was received, read twice by its title, referred to the Committee on Labor and Public Welfare, 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 there is hereby created a Commission to be known as the "Commission on Equal Job Opportunity Under Government Contracts," hereinafter referred to as the Commission.

SEC. 2. (a) The Commission shall consist of fifteen members appointed by and serving at the pleasure of the President. The Chairman and Vice Chairman shall be designated by the President.

(b) Members of the Commission who are officers or employees of the United States shall serve the Commission without additional compensation. Members of the Commission who are not officers or employees of the United States shall each receive $50 per diem when engaged in the actual performance of duties vested in the Commission, plus reimbursement for travel, subsistence, and other expenses incurred by them in the performance of such duties.

(c) Service of an individual as a member of the Commission shall not be considered to be service or employment bringing such individual within the provisions of sections 281, 283, 284, 434, or 1914 of title 18 of the United States Code, or section 190 of the Revised Statutes (5 U.S.C. 99).

SEC. 3. (a) The Commission shall make investigations, studies, and surveys, and shall conduct such hearings, as may be necessary or appropriate in the discharge of its duties under this Act.

(b) To implement the policy of the United States Government to eliminate discrimination because of race, creed, color or national origin in the employment of persons in the performance of contracts or subcontracts to provide the Government with goods or services, the Commission shall make recommendations to the President and to Government contracting agencies with respect to the preparation, revision, execution, and enforcement of contract provisions relating to such nondiscrimination in employment.

(c) The Government agencies contracting for goods or services to be furnished the Government shall perform such duties as may be requested of them by the President to cooperate with the Commission.

(d) The Commission shall also encourage, by the development and distribution of pertinent information and by other appropriate means, the furtherance of educational programs by employer, labor, civic, educational, religious, and other nongovernmental groups in order to eliminate discrimination in employment.

(e) The Commission is authorized to establish and maintain cooperative relationships with agencies of State and local governments, as well as with nongovernmental bodies, to assist in achieving the purposes of this Act.

SEC. 4. The Commission may employ such personnel as may be required for the effective performance of its duties.

SEC. 5. The Commission shall render to the President annual reports for transmission to the Congress.

SEC. 6. There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to carry out the provisions of this Act.

PROGRAM OF WEATHER MODIFICATION TO INCREASE ANNUAL AVERAGE OF USABLE SUPPLY OF WATER IN COLORADO RIVER BASIN

Mr. ENGLE. Mr. President, on behalf of myself and Senators ALLOTT, ANDERSON, BIBLE, CANNON, CARROLL, CHAVEZ, KUCHEL, MCGEE, and Moss, all from the Colorado River Basin States, I introduce, for appropriate reference, a bill to provide for a program of weather modification to be carried out by the Secretary of the Interior, acting in cooperation with the National Science Foundation, to increase substantially the annual average of usable supply of water available in the Colorado River drainage basin, and for other purposes.

The proposal calls for a 10-year, $10 million weather modification program to increase in substantial degree the average annual usable supply of water from rainfall and snowfall in the Colorado Basin, which consists of portions of Wyoming, Colorado, Utah, New Mexico, Arizona, Nevada, and California. The program would be carried out by the Department of the Interior and the National Science Foundation which was given wide authority to conduct weather modification experiments in legislation enacted last year. It would include engineering and meteorological studies as well as investigations of physical methods and devices including, but not limited to, cloud seeding to increase precipitation and techniques to control snowpack storage and runoff.

We have reached the point where we should make some practical application of the scientific knowledge so far attained on this subject, in order to test techniques, improve on them, extend our knowledge and, above all, obtain some real dollars-and-cents benefit for the people. The Colorado Basin is the ideal area in which to conduct the program, because the southwestern corner of the United States is the most arid part of our country. The Colorado River flows from our highest snow-covered mountain ranges, through vast dry desert lands, to the sea.

If this program is carried into effect, it will benefit directly a region of tremendous agricultural and industrial importance whose ultimate water requirements far exceed the existing total water supply in the basin.

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

The bill (S. 943) to provide for a program of weather modification to be carried out by the Secretary of the Interior, acting in cooperation with the National Science Foundation, to increase substantially the annual average of usable supply of water available in the Colorado River drainage basin, and for other purposes, introduced by Mr. ENGLE (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Interstate and Foreign Commerce.

Mr. CARROLL. Mr. President, I am happy to join my good friend, the Senator from California [Mr. ENGLE], in

sponsoring this bill that will bring the best of scientific research into the ever-pressing problem presented by our dwindling water supply. The Senator has been one of the great national leaders in the timely fight to develop and to conserve our natural resources.

I am firmly convinced that weather control by scientific means is not far away. I have had discussions with the noted Dr. Walter Orr Roberts, head of the high altitude weather observatory near Leadville, Colo. He also believes the control of weather can be brought about if we really go into effective basic scientific research. Other noted scientists have testified before congressional committees that the Soviet Union is doing intensive scientific research in the weather control field.

A sound scientific approach, such as proposed by this bill, would make it certain that this Nation must not lag behind in this important field.

Control of weather by scientific methods is now more than a theory, and this measure would enable the foremost scientists of the Nation to help solve problems that have long beset many arid regions of our Nation.

In the Colorado River Basin many millions of dollars have been spent in litigation and at times tempers have been on edge as the States wrangle over the precious water of the Colorado River. Approval of this bill would make it possible to do away with that bickering forever, as I feel scientific methods could provide enough water for all.

This would enable us to formulate a broad program of development in the Colorado River Basin States that should end our water problem for all time. But lack of water is not a problem for the West alone. There is hardly a region in the United States that is not confronted with water problems that the great scientific minds could help solve.

In our part of the West water is the lifeblood of our economy. Upon our precious water depends our existence. The constant demand for more water, the rivalry to obtain rights and bring about diversion at times threatens to render our own State of Colorado in twain. It causes an intense feeling that I would like to see ended for all time, and I believe this bill offers the start of the approach to a solution.

But, also, I feel this proposed legislation would aid the entire Nation. It will spur development of many kinds. It will provide additional employment, it will make huge recreation areas possible and it will be a boon to the economy of the Nation.

In the West, much of the new water contemplated by the bill, would be stored behind the Glen Canyon Dam and other units of the Colorado River project. It would permit the generation of electricity at an earlier date and start producing revenue to complete other dams and installations. It will allow the West to obtain its growth potential years ahead of the predictions made in the past.

The small amount to be spent could be one of the wisest investments this Nation could make. It is forward-looking legislation and by using wisdom and foresight we will move steadily ahead. By substituting science and scientific research for litigation and wishful thinking, we can meet head-on a great and pressing problem that will prove a blessing to our Nation.

VOLUNTARY PENSION PLANS FOR SELF-EMPLOYED INDIVIDUALS

Mr. KEFAUVER. Mr. President, I introduce, for appropriate reference, a bill to encourage the establishment of voluntary pension plans by self-employed individuals.

Being a tax bill, the House will, of course, have to act before the Senate; but the House did pass this measure in the second session of the last Congress, and it is my understanding and belief that it will do so again early in this session.

The measure which I introduce is identical to the one which passed the House last year, known as the Jenkins-Keogh bill, and to the bills H.R. 9 and H.R. 10 introduced in this session by Representatives KEOGH and SIMPSON.

Under existing law a company with an approved pension plan pays no income taxes on its contribution. These pension costs are an expense of doing business and are deductible. Neither does the employee pay any current income tax on this payment to the fund for his benefit. Hence retirement funds for employees are accumulated out of pretax dollars.

The situation with respect to the accumulation of retirement funds by the self-employed is entirely different. A self-employed person must pay his current tax on all income—his retirement funds must be accumulated out of after-tax dollars.

This is a discrimination which the bill would remedy by exempting from current income tax certan limited amounts paid as retirement deposits by a self-employed person for the benefit of himself.

The maximum amount exempt in any one year is fixed at $2,500 or 10 percent of net earnings, whichever is lesser. There is also a lifetime limit of 20 times the maximum annual deduction of $2,500.

The bill would apply to about 10 million self-employed people—3 million in agriculture, forestry, and fishing, 4 million small businessmen, and 3 million in the professions—doctors, lawyers, accountants, engineers, scientists, and so forth.

Certainly these people should not be penalized in their preparation for retirement because they work for themselves rather than for some corporation. On the contrary, they should be treated equally in this regard as an incentive to continue their individualistic work.

I must concede that even with the passage of this bill there would be some inequalities, for there are many employees not covered by employer pension plans who would continue in the same position as self-employed people are now in.

The problem of the pensionless employee must also be solved. If it continues to prove impossible for these employees to establish pension plans through collective bargaining, legislation of the kind introduced here for self-employed must be worked out.

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

The bill (S. 944) to encourage the establishment of voluntary pension plans by self-employed individuals, introduced by Mr. KEFAUVER, was received, read twice by its title, and referred to the Committee on Finance.

LIBERALIZATION OF TARIFF LAWS FOR WORKS OF ART AND OTHER EXHIBITION MATERIAL

Mr. JAVITS. Mr. President, on behalf of myself and the Senator from Illinois [Mr. DOUGLAS], I introduce for appropriate reference a bill to amend the Tariff Act of 1930 liberalizing the definition of "works of art" which may be imported duty-free so as to include modern art forms; it would also ease restrictions on the importation of articles of educational or artistic value when they are meant for exhibition purposes and not for sale.

The proposed legislation has the support of the Museum of Modern Art, the Metropolitan Museum, the Museum of Primitive Art, all located in New York City, and other museums, institutes, and colleges.

For the world's most modern society the United States retains some of the most antiquated tariff regulations which tend sharply to reduce the number of abstracts, collages, lithographs, and primitive carvings imported for the enjoyment of the public. The existing laws impede the cultural development of our Nation and tend to expose us to ridicule in other advanced countries.

For example, in 1912, Pablo Picasso Georges Braque developed the collage, now a recognized fine arts medium which is frequently composed of unusual materials including paper, cloth, and even manufactured objects such as nails. However, today, 47 years later, the Customs Bureau, guided by the Tariff Act, still rules that because a collage is not made from traditional materials it does not qualify as an original work of art and thus must be subject to duty at 20 percent of its declared value.

To highlight the absurdity of this situation, an original Picasso or Matisse painting could be imported duty free but a collage by the same world famous artist on precisely the same subject valued by art experts as high as $20,000, as some are, is subject to a customs levy of $4,000.

Other outmoded restrictions limit the importation of nondutiable sculpture to imitation of natural objects, chiefly the human form in their true proportion of length, breadth, and thickness. The strict interpretation of this definition automatically bans the levy-free importation of many abstract sculptures considered classics.

If we do not take steps to grant official art standing to such sculptures, along with collages, lithographs and even primitive carvings, then we are living in a cultural desert even though

some of the most creative and productive talents in the art world were born, raised and trained in the United States.

The amendments the Senator from Illinois [Mr. DOUGLAS] and I are proposing would greatly increase the number and kind of original art objects imported into this country by U.S. art museums and dealers as well as art patrons who donate sizable collections to art institutions; in addition, they would encourage a much freer interchange of works of art between the United States and other countries. The loss of tariff revenues to the United States due to a more liberal interpretation of the tariff laws, deemed insignificant by authorities, would be more than compensated for by the increased cultural opportunities accruing to the United States.

The key amendment proposed would enlarge the definition in paragraph 1807 of the Tariff Act of 1930 to admit duty free original works of art done in oil, pen and ink, watercolors, and other traditional media and also that "in any other media, including applied paper and other materials, manufactured or otherwise, such as are used on collages," and original sculpture and statuary "constructed from any material or made in any form," not limited to conventional materials and representative forms.

Other amendments would remove import restrictions on certain printing processes such as lithographs under 20 years old, handwoven tapestries by modern artists, art objects from primitive societies made 50 years prior to the date of their entry, and "models of inventions and other improvements in the arts" used by architectural groups and others. Free entry would be granted for the sculptor's model and 10 replicas much in demand by museums and collectors.

Finally, payment of customs duties and the posting of bonds normally required could be waived on condition that the works of art were being imported not for sale but for exhibition purposes in the United States. These objects could also be transferred temporarily to a "commercial gallery or other premises for educational, scientific, agricultural, or cultural purposes or for the benefit of charitable organizations, and not for sale."

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

The bill (S. 948) to liberalize the tariff laws for works of art and other exhibition material, and for other purposes, introduced by Mr. JAVITS (for himself and Mr. DOUGLAS), was received, read twice by its title, and referred to the Committee on Finance.

AMENDMENT OF IMMIGRATION AND NATIONALITY ACT

Mr. HUMPHREY. Mr. President, I introduce for appropriate reference a bill to amend the Immigration and Nationality Act of 1952. This bill is by no means an attempt to revise the law in its entirety. In drafting it, I have merely sought to correct some of the more glaring inequities in the present law. I hope a majority of the Senate can agree with these revisions. This bill is similar to other short immigration bills I have sponsored in prior Congresses, with certain revisions reflecting amendments as contained in Public Law 85–316, which mainly covered hardship cases.

I want to make it clear, Mr. President, that although I am offering this modest proposal it should not be assumed that other changes in the act are not needed. My position on the Immigration and Nationality Act of 1952 is well known. At the heart of that act lies the national origins quota system, which is designed to exclude certain races and nationalities. There can be no justification for legislation which is based upon the false theory of the inferiority of certain nationalities or races.

The national origins quota system should be abolished. There should be a unified quota system which would allocate visas without regard to national origin, race, creed, or color.

Such a move would place our immigration policy more in line with that as expressed by George Washington in 1783:

> The bosom of America is open to receive not only the opulent and respectable stranger, but the oppressed and persecuted of all nations and religions; whom we shall welcome to a participation of all our rights and privileges, if by decency and propriety of conduct they appear to merit the enjoyment.

While a sweeping revision of the Immigration and Nationality Act of 1952 is in order, in view of the obvious difficuties which are faced in obtaining such a revision, it is more advisable in my judgment that we make a concerted effort to at least eliminate some of the most blatant defects in the present act. That is what I am attempting to accomplish in the bill I am introducing today.

I should like now to make a brief summary of this bill's provisions:

First. Section 1 restores to professors eligibility for nonquota status—which they enjoyed prior to the McCarran Act—if a university requests their services. This proposed change is based on a feeling of confidence that our universities will select only well-qualified persons for employment on their teaching staffs. It, therefore, abolishes the unnecessary red-tape and delay involved in requiring universities to obtain clearance orders from the local employment service and then proving to the Immigration Service that the professor whose immigration is being sponsored is needed urgently in the United States. My amendment in no way changes the security requirements of our laws, as they concern all who wish to enter the United States.

Second. For more than 7 years I have been the sponsor of legislative proposals to ameliorate the harsh effects of the national-origins principle through quota pooling. I was, therefore, very greatly pleased when the President, in 1957, endorsed quota pooling in his special message on immigration. Quota pooling means simply that quota numbers made available to any given country, but not used by it, may be allocated to a country which needs them.

My own quota pooling proposal differed in some detail from that proposed by the administration. However, it is my feeling no useful purpose would be served by continuing to present two versions of the same idea to the Congress. For the sake of simplicity and to avoid confusion, I am, therefore, happy to incorporate the administration's quota pooling provision into my own bill as section 2.

Another of my proposals, adopted by the administration, is to repeal the provisions of present law under which some quotas are mortgaged for decades, in some cases even for centuries. This, too, is accomplished by section 2.

Third. Section 3 ends another of the racially discriminatory features of the present law. It abolished the racial ancestry blood test for persons "attributable by as much as one-half of their ancestry to a people or peoples indigenous to the Asia-Pacific triangle." Henceforth, all visa applicants would be classified only according to their place of birth.

Fourth. It has often been said that a man who tries to import a sack of beans into the United States and finds that it has been excluded, has the right of appeal, but a man who wants to bring his mother over and finds that she has been denied a visa, has no such right. Section 4 of my bill is designed to change that situation. It is designed to modify the anomaly of the present Immigration Act under which authority for the acts of the Immigration Service—which acts in many instances through the Board of Immigration Appeals—is concentrated in the hands of the Attorney General, while authority for the acts of the Consular Service is diffused among the numerous consuls, each of whom is the final arbiter in the visa application cases before him. Section 4 concentrates responsibility in a visa review board appointed by the Secretary of State, to which the sponsors of prospective immigrants may be allowed to appeal. This board would assure that visa regulations are enforced uniformly throughout the world and would also safeguard against irresponsible and capricious acts by individual consular officers.

Fifth. Section 5 deals with problems such as faced this country as a result of the courageous uprising of the Hungarian people against their Communist oppressors. It confirms the authority of the President to parole escapees into this country. It authorizes such action not only with regard to escapees from communism but also for persons escaping from racial, religious, or political oppression in countries within the general area of the Middle East.

Sixth. The concept of justice tempered with mercy is a part of our administration of law. It is deeply embedded in our religious traditions. It was in conformity with that concept that Congress long ago gave the Attorney General discretionary authority to suspend deportation in deserving cases. That authority was severely curtailed by the Immigration and Nationality Act of 1952, the Senate majority report on which states harshly and cruelly:

> Hardship or even unusual hardship to the alien or to his spouse, parent, or child is not sufficient to justify suspension of deportation.

Under section 6 of my bill the standards for suspension of deportation contained in the law in effect prior to the adoption of the McCarran Act are restored. As suspension of deportation will only be granted in the discretion of the Attorney General and only with the concurrence of Congress, I am certain that there is no danger of this humanitarian provision being abused.

Seventh. Sections 7 and 8 are purely procedural.

Mr. President, few will deny that immigration legislation is one of the most urgent items facing the Congress for action. Ever since I have been in the Senate, I have sponsored measures to alleviate the harshness of our immigration statutes.

The bill I introduce today is an attempt to provide a working basis for prompt action by the Judiciary Committee. It does not constitute a major revision; it does not go as far as many people, including myself, would desire. It does, however, deal with matters which simply should not be allowed to lag further. I hope that before this session is concluded, we shall at least have written into law the reforms which I have discussed in the Senate today.

I am pleased to announce that a companion bill is being offered in the House of Representatives by Representative THADDEUS MACHROWICZ.

I ask unanimous consent that this bill lie over on the desk through next week to permit the addition of names of cosponsors.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will lie on the desk through next week for additional cosponsors.

The bill (S. 952) to amend the Immigration and Nationality Act, introduced by Mr. HUMPHREY, was received, read twice by title, and referred to the Committee on the Judiciary.

INCLUSION OF CERTAIN PROPERTY DAMAGE WITHIN FLOOD CONTROL ACTIVITIES OF FEDERAL GOVERNMENT—ADDITIONAL COSPONSORS OF BILL

Under authority of the order of the Senate of February 2, 1959, the names of Mr. CLARK, Mr. PROXMIRE, and Mr. SCOTT were added as additional cosponsors of the bill (S. 859) declaring the inundation of property because of, or aggravated by, wind, waves, or tidal effects on the Great Lakes to be properly within the flood-control activities of the Federal Government, introduced by Mr. YOUNG of Ohio, on February 2, 1959.

REARRANGEMENT OF MINORITY MEMBERS OF JOINT COMMITTEE ON ATOMIC ENERGY

On motion of Mr. DIRKSEN, and by unanimous consent, it was

Ordered, That the names of the minority members on the part of the Senate of the Joint Committee on Atomic Energy be rearranged so that they will appear on the Joint Committee list in the following order, namely: BOURKE B. HICKENLOOPER, HENRY C. DWORSHAK, GEORGE D. AIKEN, and WALLACE F. BENNETT.

HAWAIIAN STATEHOOD—NOTICE OF HEARINGS

Mr. JACKSON. Mr. President, by direction of the Committee on Interior and Insular Affairs I wish to announce that the Subcommittee on Territories will open hearings on Hawaiian statehood at 10 a.m., Wednesday, February 25, the hearings to continue all day and the ensuing day. By direction of the committee and by unanimous vote the testimony will be limited to new testimony not given heretofore.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, notified the Senate that pursuant to the provisions of Public Law 301 of the 78th Congress, the Speaker had appointed Mr. ZELENKO, of New York, Mr. DOWNING, of Virginia, and Mr. RAY, of New York as members of the Board of Visitors to the U.S. Merchant Marine Academy, on the part of the House.

THE FOUR HORSEMEN RIDE AGAIN

Mr. GOLDWATER. Mr. President, today we are witness to the spectacle of the massive irresponsibility of those who believe that spending the funds we do not have will bring an unprecedented prosperity. This fiscal madness is engendered by the belief that if one goes in debt deep enough, he will be prosperous.

To the wild-riding spenders, spurring on their horses of inflation and debt, it does not matter that the value of the dollar tumbles still further and that those who can least afford it are hurt. Nothing matters but that the Federal Government is the "sugar daddy" who will take care of each and every man, woman, and child in the country, provided they know who their so-called benefactors are.

There was a time when the slogan "as sound as a dollar" meant something. There was a time, for instance, when, if one went to Canada, our neighbor Nation, he got $1.10 for every American dollar he spent there.

Well, Canada threw out their so-called "liberals." Today, if one buys anything in that country with an American dollar, he has to give $1.03-plus to buy a dollar's worth there. Today, we read of the uneasiness of some of our best financiers and investment specialists over the further devaluation of the dollar in the world markets.

I do not need to remind you, Mr. President, that under the big Government spending during the New Deal and Fair Deal administrations, the 100 cent purchasing power of the dollar in 1939 went down to 52 cents by 1953.

What did this mean to the so-called common man for whom these liberals' hearts bleed? It meant that the cost of food for families was almost twice what it had been. It meant that a young couple starting in housekeeping had to pay almost twice as much for their furniture. It meant that working clothes, clothes for children, and other necessary items cost almost twice as much. It meant that those who were living on fixed incomes—the retired, the elderly, the handicapped—had only half as much in dollar value with which to pay for their necessities.

Despite the efforts of the same massive irresponsibles, this Republican administration kept that galloping inflation down to only 4 cents in the last 6 years.

But the wild-riding spenders are riding high again. They ignore the fact that the President has submitted to Congress a budget of $77 billion—a high enough budget as it is—and delicately balanced to serve the needs of defense and all other Government expenditures.

They ignore the fact that all taxpayers are really under forced labor to the Federal Government alone for 3 or 4 months out of the year in order to pay not only for Government obligations, but also for the appalling sum of around $8 billion in interest alone on the Federal debt, a sum almost twice as much as all Federal expenditures in the early 1930's. Certainly, I know this is not the thirties, but there is no excuse for such fiscal madness as we are facing today.

We cannot, we dare not, ignore the danger signals. In the 6 years in which a Republican administration has been in office, we kept the budget in balance twice. The recession forced a deficit. We then raised the debt limit twice. Now we have the opportunity to balance the budget.

But, no; off we go to the wild blue yonder again. The President offered a housing bill tailored to our means. And what happens? Those who think we can spend our way out of debt have come in with a bill which immediately brings us further into debt. Then they have an airport bill which they say we must have. I am a pilot. No one is more conscious of the needs of air transportation than I am. But I can see no rhyme or reason in furnishing airports with plush terminal buildings any more than I can see furnishing every town with a railroad station.

Two nights ago a dreadful airplane accident occurred, and from early reports a part, if not a large part, of the blame is laid to the absence of a vital part of the instrument landing system, the glide path. It had not been installed yet. There are many not installed yet because there have not been funds. But the spenders want plush buildings, not safety.

I, along with other Republicans and some Democrats, can see only one way to stop inflation and to keep the dollar sound, and that is for the Federal Government to live within its means the same as we expect our families to live within their means.

We cannot stop Government waste, we cannot stop hair-brained ideas to be Santa Claus to everybody and everything, unless we have a balanced budget.

In our own lives, we buy what is important, but if there is not enough money for everything, we postpone what is not important at the moment. The Federal

Government must do the same thing if it is to prevent Americans from hauling a wheelbarrow full of dollars to the grocery store to buy a loaf of bread.

We can and should get a dollar's value for every dollar spent in defense.

Give aid to our friends for strengthening the free world, and forget about being the Daddy Warbucks to every little or big nation that threatens to turn to our enemies unless we keep pouring out our hard-earned dollars to them. This is a nation of workers. Every dollar is earned by some man or woman in this country. It is not the rich who pay all these bills. If we confiscated every fortune in this country we could not keep this Government running more than a few weeks. No; it is the wage and salary earner who pays the bills.

So I say it is time to call a halt.

Such massive irresponsibility will lead to only one thing—a further devaluation of the dollar, higher and higher taxes, and a debt limit that will go higher than the highest satellite.

Let those who will, follow these galloping and wild riding spenders. Let them become infected with this fiscal madness. But if there are enough of us left who can see the dead end of such programs, let us speak.

Let us now tell the American people that it is their load to bear.

Let the American people know that those noble steeds of debt and inflation on which these modern day Lochinvars ride so lightheartedly will only lead them—not to a castle of dreams—but to the dungeon of overwhelming debt which will leech their earnings, their savings, and their future away in a morass of failure.

The four horsemen of bankruptcy ride again—deficit, debt, inflation, and waste—spurred on by the disciples of massive irresponsibility, and if their mad gallop is not stopped, their devastation of our money and our future and the future of world peace will be complete.

Mr. President, I ask unanimous consent that there be printed at this point in my remarks an article by Raymond Moley, entitled "Dollar War at Home," appearing in this week's Newsweek.

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

DOLLAR WAR AT HOME

(By Raymond Moley)

Inflation, like vice, is "a monster of so frightful mien, as to be hated needs only to be seen." But "seen too oft, familiar with her face," many of us first endure and then embrace it. For under our present-day complex economic system, there does not appear the old naked conflict between debtors and creditors which characterized so many political conflicts in our history. The combatants now are a multitude of interests, and countless numbers of us have divided concerns.

A precise listing of those whose interests are imperiled by inflation has been made by Dr. Marcus Nadler, an able consulting economist. They are holders of life insurance policies; depositors in commercial and savings banks; owners of E, F, and G savings bonds; members of credit unions; postal savers; Federal civilian retirees, and State and local employees; the noninsured under private retirement plans; railroad retirees. In the Nadler summation there are 269 million individuals with these anti-inflationary interests, and their stake is many, many billions of dollars.

However, it must be noted that there are many duplications in this summary, since people may have several of these interests. There are also many who appear in a listing of those whose interests favor inflation.

THE PROINFLATIONISTS

Dr. Julius Hirsch, an American economic consultant who was Economic Secretary in the Weimar Republic during the great German inflation in the 1920's, has supplied me with a carefully considered classification of those in our society who have, whether they know it or not, interests on the side of inflation.

These are farm owners, and also those who are self-employed, hired hands, and others directly dependent upon agriculture; owners of real estate, notably mortgaged property; owners of other real goods and facilities (not dollars or dollar claims), especially owners of mining, manufacturing, transportation, and most service enterprises; most debtors whose interest in a shrinking dollar becomes greater according to the length of term embodied in the debt; personal debtors, including installment debtors; and members of labor unions with some assurance of escalating devices.

To these I would add the part of our vast Federal civilian bureaucracy which will profit by personal promotion and other opportunities in more and more government spending. Seventeen percent of all employed Americans work for government.

The sum total of the individuals involved in these interests rivals that of Dr. Nadler's total who should oppose inflation. And the dollars involved number considerably more.

But there is also vast duplication in these figures. For millions have divided interests. In great numbers pensioners, savers, and holders of life insurance policies own real estate or owe money in many forms. The manufacturer faces conflicting concerns between his inventory and his future needs to buy raw material. He also has the problem of competition and sales resistance to higher prices.

AFTER THE JOY RIDE

Dr. Hirsch also lists a large class which favors inflation for some nonmaterial concern—sympathy, habit, real or fancied desire to help others. He cites a mother living on a pension or insurance who has a son who is deep in debt.

I would add those millions who vote by habit for the party of their tradition although its candidates may favor inflationary spending. Also, those who believe in a candidate who says categorically that he is for the little people, the weak or needy or oppressed. Or who vote for the glib, personable politician who chooses to see nothing beyond the next election. Then there are the empty headed who relish the joy ride of inflation. And, finally, the speculators who believe themselves smart enough to ride the tide. Many are like the man falling from the top of the building who shouts to the friend halfway down: "This is great, while it lasts."

It will be quite useless for the President and his advisers to appeal only in behalf of the people on fixed incomes and others whose dollars will buy less and less. He must get over to everyone the dire end when hysteria supplants reason.

NATIONAL DEFENSE AND THE BUDGET

Mr. SYMINGTON. Mr. President, in this morning's Washington Post and Times Herald there was a column by the very able columnist Walter Lippmann, entitled "McElroy's Troubles."

I have great respect for Mr. Lippmann, and agree with the basic tenet of his column; namely, that we cannot afford to run the risk of possible unilateral disarmament in order to balance the Federal budget. But I cannot agree with his statement that the argument between the administration and myself is "whether the balance of power should be calculated in terms of intercontinental missiles or whether it shall be judged in terms of the whole complex of armaments and of the international political situation."

I do not believe that our intercontinental missile capability alone is the issue.

The basic differences between this administration and myself on this matter of national defense are two:

The United States is allowing its overall retaliatory capacity to deteriorate in the face of the known growing Communist strength.

This administration is not being candid in its presentation of this deterioration to the people.

As a most recent instance, at the time Secretary McElroy agreed that his previous statement to the effect we would have a squadron of intercontinental ballistic missiles by next July 1 was wrong, he corrected himself with the assertion that this country would have such a squadron by January 1960.

This latest correction is also incorrect.

Nothing like a complete squadron of ICBM's is scheduled for January 1960.

I have no desire to prolong this argument, but believe that any statements issued by the administration should be accurate.

Mr. President, I ask unanimous consent that Mr. Lippmann's column be inserted at this point in the RECORD.

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

MCELROY'S TROUBLES

(By Walter Lippmann)

In the swirling controversy over the Eisenhower-McElroy budget the inquiring bystander must, I believe, accept the fact that the basic issue is not one which can be settled definitively. There is a race of armaments. But who is ahead now, and who will be ahead 2 years from now is not something that can be measured quantitatively, even if there existed perfect intelligence with exact and complete knowledge of the quantity and quality of all the weapons on both sides. What statesmen really have to estimate is what is likely to be the judgment of other statesmen about the existing balance of power. In making these judgments they have to listen to the calculations of the experts in various specialities. But they must be able to make the necessary discount in these expert calculations, remembering that they are essentially about war games and not about the whole reality.

For these calculations are invariably theoretical abstractions—what, for example, would happen if there were a war in which one side had X number of missiles and the other had X plus Y missiles?

At bottom the argument between the administration and Senator SYMINGTON is whether the balance of power should be calculated in terms of intercontinental missiles or whether it shall be judged in terms of the

whole complex of armaments and of the international political situation.

My point in all this is not to say that Mr. McElroy and the administration are right. I think they are very wrong. But I do not think they are deliberately misleading the country. What they have done is to argue their case so badly that they are losing the confidence of the public.

The fatal error lies in the decision of the President to make the paramount issue of the present time a Federal budget balanced at the existing level of taxes, along with a promise of a reduction of taxes before the next presidential election. We are approaching one of the great climaxes of the cold war and the President's decision about the paramountcy of the budget reflects a failure to understand the nature of the cold war.

It makes suspect all the military estimates in the budget. For it is no part of the law of the land, or of that moral law which the President frequently invokes, that the existing tax structure cannot be raised and should be lowered. To insist on such a dogma about taxes is to tell the people and the world that national defense is not the first but only the secondary consideration in this Government.

From this it follows inevitably that Secretary McElroy's assurances about our overall strength are quite unconvincing. For nobody is prepared to believe that by a wonderfully lucky coincidence the money needed for national defense is just the amount of money we can afford to spend if the budget is to be balanced without raising taxes.

This initial error about the budget has forced Mr. McElroy into making the disastrous announcement that the United States has withdrawn from the missiles race. He may well be right that with fewer missiles there will still be an overall balance of power. But it is not good for the Russians and it is bad for our allies to be allowed to think that the richest Nation on earth is unwilling to pay what it costs to stay in that part of the race of armaments which has the most horrible prospects. Secretary McElroy's announcement is a most lamentable way to prepare for the impending negotiations which Secretary Dulles is now dealing with in Europe.

What should be done about it? It should be said in no uncertain terms that defense has the first priority. If the President will not say it, perhaps Congress itself should say it by resolution. There should then be a substantial increase in the military appropriations, an increase sufficient to put us back into the missiles race. Then an increase of taxes should be voted in order to balance this larger budget.

I am aware that the extra money invested in making more of the existing missiles may be "wasted"—wasted in the sense that these missiles will soon be obsolete and good only for the junk pile. But the race of armaments is in the same sense inherently wasteful since the objective is to make weapons which will never be used and will soon be obsolete.

Nevertheless we are in a race of armaments. It would be a great day for mankind if it could be ended. But if the race is to be ended, this will be done only if and when we are able to reach general political settlements with the Communist powers. The race of armaments cannot be ended or suspended merely because we wish to balance the budget without raising taxes or because it would be good politics to reduce taxes before the next election.

Mr. SYMINGTON. Mr. President, one of the most revealing recent stories about what has actually been going on with respect to our national defense appeared last Sunday in the Washington Star, written by Miss Mary McGrory, entitled "Space Chief Out of Step But Voices No Sorrow."

An especially interesting quotation in this article is the following one from Director Roy W. Johnson, of the Advance Research Project Agency:

I can recall testifying before the Space Committee a year ago without being sworn in. I suspect it is to the good to take an oath, because under oath you search your own conscience as to what your most honest feelings are against the policy of your boss.

Mr. President, I congratulate Mr. Johnson for his candor and his courage. Surely, as the Congress once again considers the adequacy of our defenses, no more revealing statement could be made.

Mr. President, I ask unanimous consent that the article by Miss McGrory be printed at this point in the RECORD.

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

[From the Sunday Star, Feb. 1, 1959]

SPACE CHIEF OUT OF STEP BUT VOICES NO SORROW

(By Mary McGrory)

The Pentagon official who left the ranks around the President's defense budget and confessed a need for more money to a Senate committee has no regrets, although he suspects he now stands very much alone.

Nonconformist Roy W. Johnson, Chief of the Advanced Research Projects Agency, said yesterday he intends to push his plea for $150 million more for the total space effort in the current fiscal year, despite a determined administration drive to keep all spending down.

Chairman LYNDON JOHNSON of the Senate Preparedness and Space Committees, which for 2 days heard other Pentagon leaders accept the budgets assigned them by the White House, praised Mr. Johnson for his honesty. He dryly termed most of the high-brass witnesses good soldiers.

IMPRESSED BY SENATOR

Actually, it was Senator JOHNSON who had a great deal to do with getting him to speak out, Mr. Johnson said in a telephone interview from his home in Stamford, Conn.:

"I got genuinely the feeling from Senator JOHNSON," said the Space Director, "that he is concerned."

The persuasive Texan had repeatedly pressed Mr. Johnson and his associates to speak frankly about our efforts in the space age, to say if we could do more and should do more.

At the end of a long afternoon, Mr. Johnson, a cheery, square-jawed, wavy-haired former General Electric Co. official, took a deep breath and admitted he was honestly concerned about our total space program and its adequacy at this point in time.

TESTIFIED UNDER OATH

How did it happen that Mr. Johnson, a lifelong Republican and a sincere believer in the Eisenhower efforts to balance the budget, flew in the face of Pentagon policy?

Partly it was because he was under oath.

"I can recall testifying before the Space Committee a year ago without being sworn in. I suspect it is to the good to take an oath, because under oath you search your conscience as to what your most honest feelings are against the policy of your boss."

Mr. Johnson said frankly he had no intention, when he went to the hearing Friday, of testifying as to his innermost thoughts about our space effort or the need for larger funds.

"I intended to evade the subject if I could because I didn't want to get involved in the controversy that I know will be the result. But the whole atmosphere of the hearing convinced me this position was impossible, particularly the insistence on the part of the Senators that we say exactly what we thought."

NO REFLECTIONS ON BOSS

Mr. Johnson hastily added he did not wish to cast any reflections on other witnesses or on his boss, Secretary of Defense McElroy, when he told of a 30 percent cut made in his original budget requests.

"I am very sure in my own mind that Secretary McElroy never intended for anyone to be untruthful on the witness stand. I don't think there is a real attempt here to gag anybody."

He hasn't seen Secretary McElroy since his Friday appearance, but he hopes to take up with him this week his request for $150 million supplemental funds to be distributed over the whole space program in the current fiscal years.

CONTRARY TO POLICY

Mr. Johnson points out that he had no correspondence with the Defense Secretary such as the memorandum signed by the Joint Chiefs of Staff in which they approved with reservations the military budget. He read the Stans letter (a communication from Budget Director Maurice H. Stans urging Pentagon officials to support the budget as written) but regarded it as information only.

"I don't know whether there is much chance of getting it," he said of his dramatic public request for more money. "All we can do is work within the Department of Defense. At the moment, it is contrary to policy.

"I don't know how we can get it unless there are other forces in existence that would add pressure to it—a growing sentiment in the country that the space effort ought to be pushed very vigorously in line with the dire danger we are in from the Russian threat."

Calling himself "no crusader, no man riding a white horse," Mr. Johnson expressed the hope that the whole problem should be thrashed out with the Congress, and a solution should come about from a clearing of the air. He will be glad to testify whenever he is asked.

"I suspect I stand alone right now."

But Mr. Johnson, who was appointed by Secretary McElroy, insists he has no regrets, would do it all over again.

He was converted by the Senate investigation of exactly where we stand.

"I think it started out to have some political overtones. But, honestly, when I got in there and heard the Senators, I was convinced that they are genuinely concerned. Even though it may have started out as a political matter, I think it isn't that any more."

Mr. SYMINGTON. Mr. President, it is becoming increasingly clear that the presentation of the Department of Defense budget requirements, as it is now handled, is a directed one, with matters of fiscal policy the dominant consideration.

In this connection, no better confirmation of the truth of that statement has been made than the editorial in Aviation Week of February 2, 1959, entitled "The Familiar Mixture."

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

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

THE FAMILIAR MIXTURE

The fiscal 1960 defense budget is the familiar mixture found in similar budgets of

the past 4 years. It is not adequate to meet the current and future defense requirements of this Nation nor adequate to regain or maintain a clear-cut margin of significant superiority in the technological race with the Soviet Union. Neither is it a drastic attempt to reduce our present defense posture by affecting large and critical economies through forced reductions or weapons production curtailment.

As usual, there is a somewhat pathetic attempt to substitute bold ringing phrases in the budget message for the vital dollars and priorities in the budget itself. For example, the budget cheerfully notes that more B–58 supersonic bombers will be purchased in fiscal 1960 than in 1959. This, of course, is true, but the actual figure is an increase of only 4 from the 36 B–58's programed for fiscal 1959 to 40 for the next fiscal year. This stretchout of the B–58 production program is typical of how fiscal policies can vitiate technical capability. By the time the B–58 begins to reach a true operational capability with Strategic Air Command under a less than four-a-month production program, it will be all too easy and perhaps logical to wash it out completely on the grounds of obsolescence. This has been the history of several promising weapon systems developed in good technical time but stretched to death by budget maneuvers.

Cancellation of the Regulus II Navy submarine-based supersonic missile is another good example of this false economy that looks neat and tidy on a balance sheet but actually cuts a vital portion of our atomic delivery capability. The Regulus II would have provided the Navy with an operational submarine-based atomic delivery capability in the immediate future. It has been canceled presumably because Polaris is just around the corner. Polaris is coming along well, but it is far from just around the corner. In the intervening years, the United States loses a type of operational capability for its strategic deterrent force that offers mobility and dispersal.

Another interesting point to note in passing is the way facts that are subject to vigorous official denials in previous years inevitably leak out in the budgets of following years. In early 1957 we wrote that the fiscal 1958 Air Force budget was a fraud because it promised to support a 128-wing structure when actually it was capable of handling only 120 wings at the time and would force a reduction below 110 wings within 2 years. This was vehemently denied by responsible officials including Mr. Donald Quarles, then Secretary of the Air Force and now Deputy Secretary of Defense. Tables published with the fiscal 1960 budget show the Air Force reduced to 102 wings.

The twisting of the fact that the first Atlas ICBM's will be delivered to Strategic Air Command before July into an impression that this Nation will have an operational ICBM capability of any significance during this year is another example of how official weasel wording and innuendo combine to lure the American public into a false sense of complacency. The total Atlas production program scheduled for Strategic Air Command is ridiculously small in terms of real deterrent force. The Titan ICBM is at least a year behind the Atlas in development and has yet to make its first successful test flight.

The decision to abandon all manned interceptors for air defense purposes contained in the fiscal 1960 budget is another policy that will rise to haunt its progenitors if a test of military strength comes during the next 5 years. Defensive missile capability, including both the Army Nike-Hercules and USAF Bomarc, is certainly improving over ranges under 300 miles. But both for reliability standards, which missiles are far from achieving, and the ranges at which an enemy attack must begin to be whittled away, only manned interceptors will be able to do the job. To completely abandon this capability for the future is a grave error.

The budget also tells us that procurement of the Thor and Jupiter IRBM will cease in 1960, leaving us with an operational capacity of five Thor squadrons and three Jupiter squadrons deployed in England, Italy, Alaska, and possibly Greece. This capability is sufficient to make the areas involved prime enemy targets but not sufficient to add a significant force to our overall strategic deterrent. In fact, the land-based IRBM program could well become a prime example of how vast sums of money can be hastily spent without achieving any significant new military capability.

Another bookkeeping trick designed to cloak the true state of affairs is the new budget account for research and development which lumps all development and testing facility and operational money in with the research and development funds to make a grandiose total of $3 billion. Probably less than 10 percent of this total is really being earmarked for basic research and state-of-the-art advances not tied to specific weapon system development. The research and development effort has actually been losing ground despite what looks like an increasing budget because the real research funds have remained almost constant in the face of a tremendously increasing requirement while the budget picture has been rosied by these accounting tricks.

Major bright spot in the budget is the emphasis finally being placed on space exploration with a total of $800 million allocated for this purpose for the National Aeronautics and Space Administration and the Defense Department's Advanced Research Projects Agency. Why this space exploration effort continues to be split by an artificial military-civil distinction is a question not yet satisfactorily explained. There is already the ferment of a bitter congressional debate over the fiscal 1960 defense budget. We doubt if anybody will seriously make much of a case for it being really adequate to meet the military problems of the future. Its defenders will probably rely on the twin fantasies that we really face no threat from the Soviet Union because their scientific, military, and economic advances are pure fiction and that we really "can't afford" what is necessary to insure our survival as a nation.

But mere debate over the size of the fiscal 1960 defense budget will not solve the basic problem facing this Nation. Nothing less than an aroused and dynamic official leadership willing to grasp the challenge of the future rather than simply preserve the aura of the past is necessary to alter our present course of apathetic drift into decline.

ROBERT HOTZ.

RETIREMENT OF DISTRICT HIGHWAY DIRECTOR J. N. ROBERTSON

Mr. CHAVEZ. Mr. President, Mr. Jack Robertson, of the city of Washington, has recently retired, after 42 years' service with the Highway Department of the city of Washington, D.C. Mr. Robertson not only contributed his efforts and intelligence to the welfare of proper highways in the city of Washington, but some 3 or 4 years ago he was president of the American Road Builders Association, and hence he contributed to the general program of highways throughout the country.

The Evening Star yesterday published an editorial with reference to the services of this gentleman, and this morning the Washington Post and Times Herald of this city also published an editorial in this regard. I ask unanimous consent, Mr. President, that the two editorials be printed in the RECORD at this point.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New Mexico?

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

[From the Washington Evening Star, Feb. 4, 1959]

ROBERTSON'S RETIREMENT

The Commissioners are facing a tremendously tough job in finding a successor for Jack Robertson as city Highway Director. "J. N." has been synonymous with Washington highways for so long that he seems to most of us to symbolize them.

The reason, of course, is that that's exactly the way Mr. Robertson feels himself. As he recalls, he never has wanted to do anything but build roads here from the time he was big enough to talk. A third-generation Washingtonian, he knows the city like the back of his hand and loves every bit of it. The District has reason to be proud of Mr. Robertson's accomplishments in the national field of highway legislation and administration. Locally, his contributions during 42 years in the Department are too numerous to single out. Just look out the window of your car the next time you drive; the chances are that Jack Robertson built—or rebuilt—the road you're on.

More than an exceptional public official, however, Mr. Robertson is a gentleman and a friend to thousands of Washingtonians who treasure the relationship. His mild temperament seldom gave way except in battles with planning and park officials over highway locations. When there were two sides to a question and one of them involved highways, however, Jack never faked any sympathy for the other side. His job was to build highways—and that's what he did.

It's no surprise that "J. N." and Mrs. Robertson intend to remain in Washington. Anything else would be unthinkable. Furthermore, our guess is that retirement isn't going to take him out of the picture. We'll look forward to hearing from him on the state of our highways for some time to come.

[From the Washington Post and Times Herald, Feb. 5, 1959]

"J. N." STEPS DOWN

The retirement of District Highway Director J. N. Robertson, on his doctor's advice, caps an unusually colorful and productive career in the service of the District government. For some 12 years, first as Deputy Director and later as Director, Mr. Robertson has had the challenging task of keeping the Capital City's highway arteries adequate for the needs of a swiftly growing Capital City. He leaves at a time when half a billion dollars' worth of projects are scheduled for early construction and when another like amount is being urgently recommended to cope with 1980 requirements. While urging public support for this program, Mr. Robertson also wisely insists upon greater attention to parking and transit requirements.

He can recall with some amusement the advice of friends, a year after he joined the Department in 1917, that he look around for another job since the District's street system was about completed. For 42 years he has seen many forecasts like that one overtaken by events. To the task of staying as closely abreast of needs as possible, he has brought great energy, administrative, and engineering skill and a talent for good public and congressional relations in a combination that will be difficult to replace.

PROPOSED TAXES ON GASOLINE

Mr. CARLSON. Mr. President, I should like to call to the attention of the Senate several resolutions adopted by the Kansas Oil Men's Association at its 44th annual convention in Wichita, January 11 to 13.

These resolutions deal with proposed taxes on gasoline and express their opposition to the increase.

The president of the Kansas Oil Men's Association is Dean Spencer, of Oakley, Kans., and the resolutions were presented to the convention by William B. Dalton, chairman of the resolutions committee.

I ask unanimous consent that these resolutions be made a part of these remarks.

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

Reports from Washington, D.C., say Congress will be asked to raise the Federal gasoline tax 1½ to 2 cents per gallon, because the Highway Trust Fund is steadily approaching a deficit.

With the creation of the Highway Trust Fund which is nurtured solely by highway users, all automotive taxes were paid into this fund. It amounted to more than $3.6 billion for the fiscal year ending June 30, 1958.

Of this amount $2.1 billion was allocated to the Highway Trust Fund and the remaining $1.5 billion was channeled into the general fund of the U.S. Treasury and was used for other purposes than building the Federal highway system: Therefore, be it

Resolved, That the money taken into the general fund of the U.S. Treasury should be returned to the Highway Trust Fund and that no additional automotive or gasoline taxes be levied.

We believe the Federal highway program is of importance to the defense and economy of our Nation and recommend that it be kept on schedule and that any additional funds needed be taken from the general fund of the U.S. Treasury.

We urge the Congress of the United States to amend the present gasoline tax law by adding a provision whereby it would be possible for the victims of a gasoline loss by fire or other casualty to secure a refund of the Federal gasoline tax on such gasoline, so lost.

In case of such loss, the owner is put in the position of having paid the tax but is unable to resell the gasoline through no fault of his own.

We believe the 27½ percent depletion allowance is fully justified in drilling for oil on account of the great cost and risk in searching for oil and heartily recommend it be continued.

COMPTROLLER GENERAL'S AUDIT REPORT ON THE TENNESSEE VALLEY AUTHORITY

Mr. CAPEHART. Mr. President, I ask unanimous consent to have printed in the RECORD a statement I have prepared on the controversy between the Comptroller General and the Westinghouse Electric Corp.

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

STATEMENT BY SENATOR CAPEHART

The Comptroller General's audit report on the Tennessee Valley Authority, which was submitted to Congress on January 15, 1959, stated that TVA has run into serious problems with 14 turbogenerators bought from Westinghouse Electric Corp. According to a United Press-International News story, the report indicated the turbine generators failed to meet heat rates specified in the contract, and indicated that there had been mechanical difficulties in the turbines.

Shortly after the publication of the UPI story on the audit report, TVA issued a statement further explaining these difficulties, making it clear that the problems were much less serious than one would think from reading the initial news accounts. These reports disturbed me, and I have inquired into this matter. In the interest of fairness to all concerned, I want to state publicly what I have learned.

Several years ago, when TVA began to expand its steam generating facilities, it sought the most technologically advanced steam turbines obtainable. Westinghouse Electric Corp. got the contract to design and to build 14 turbogenerators for installation in TVA's Shawnee and Kingston generating stations. These machines were to utilize a combination of steam pressures and temperatures in the highest range yet attempted and on which there had been very little actual operating experience. The machines were to be of highly advanced design and would achieve great progress in reducing the cost of generating electricity.

After more than half of these turbine generators had been placed in operation, tests were performed in 1955 which showed that they did not meet the guaranteed efficiency of performance by about 2 percent. All of the machines have been performing for several years and performing well, but they have had to use slightly larger amounts of fuel than had been anticipated when the designs were conceived.

Westinghouse has undertaken the necessary steps to correct the efficiency rates, and is in the process of supplying new parts at its own expense for modifying all 14 of the TVA machines. When the modifications are complete, TVA will have 14 turbogenerators with efficiencies equal to or better than it could have obtained anywhere in the world.

The mechanical difficulties referred to in the Comptroller General's report involved the turbine spindles, but had nothing to do with the efficiency problem. The metallurgical application of these turbine spindles was, in the opinion of qualified engineers, the most advanced then known for such purpose.

After the 14 machines for TVA were completed, Westinghouse learned from experience with a similar machine sold to another utility customer, that with the terrific temperatures and speeds involved, the spindles might in time develop faults and resulting mechanical difficulties. These mechanical difficulties might not have been the contractual responsibility of Westinghouse, but in keeping with the high standards under which American manufacturers of steam turbine generating equipment operate, Westinghouse voluntarily brought this matter to TVA's attention, and is in the process of modifying or replacing all of the spindles on the 14 generators in question. Thus the mechanical difficulties referred to by the Comptroller General's report were recognized by Westinghouse in time to take corrective action although there was necessarily some inconvenience to TVA.

My reason for making this statement is merely to clarify what I consider to be an unfortunate reference to a matter which was being taken care of between TVA and Westinghouse Electric Corp.

While they attracted no attention in the press at that time, these matters were referred to in the Comptroller General's audit report on TVA a year ago.

These highly technical problems were fully reported and discussed in professional engineering circles more than a year ago. They are the kind of things which can happen as major strides in technological progress are achieved in any field. The business relationship between TVA and Westinghouse has been characterized fully by good faith and responsibility, and I think it is most unfortunate that the Comptroller General's report and the newspaper accounts of the report failed to relate all of the background which was necessary to convey an accurate public impression of this matter.

Mr. JOHNSON of Texas. Mr. President, has morning business been concluded?

The PRESIDING OFFICER. If there be no further morning business, morning business is concluded.

Mr. JOHNSON of Texas. 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.

HOUSING ACT OF 1959

The Senate resumed 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. JOHNSON of Texas. Mr. President, I am informed that the distinguished Senator from Indiana [Mr. CAPEHART] has two amendments on which he desires a record vote. One involves reducing the number of public housing units from 35,000 to 17,500, and the other involves urban renewal.

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

Mr. JOHNSON of Texas. I yield.

Mr. CAPEHART. In order that the record may be straight, let me say that there are definitely two amendments on which I desire a yea-and-nay vote. Perhaps there will be others.

Mr. JOHNSON of Texas. I am referring now to those two only.

Mr. CAPEHART. I am hopeful that the manager on the other side will accept perhaps three amendments, but there are definitely two on which I desire yea-and-nay votes.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senator from Indiana may send his two amendments to the desk, that they be reported, and that there be allotted 30 minutes of debate on each amendment, to be equally divided between the author of the amendment, the Senator from Indiana [Mr. CAPEHART], and the chairman of the subcommittee, the Senator from Alabama [Mr. SPARKMAN].

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

Mr. JOHNSON of Texas. Mr. President, may we have the first amendment stated?

The PRESIDING OFFICER. The Secretary will state the amendment.

The CHIEF CLERK. On page 124, lines 1 and 2, strike out "thirty-five thousand"

and insert in lieu thereof "seventeen thousand five hundred".

On page 124, line 7, before the word "additional", insert "or seventeen thousand five hundred, as the case may be,".

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that we may have the yeas and nays ordered on the amendment now reported.

The yeas and nays were ordered.

Mr. JOHNSON of Texas. Mr. President, for the benefit of all Senators I announce that at the conclusion of 30 minutes we shall have a vote on the pending amendment. Then the next amendment will be reported, under the unanimous-consent agreement entered into.

The Senator from Indiana will then be recognized, and we will have 30 minutes of debate on that amendment, to be equally divided. At that time I shall ask for the yeas and nays on that amendment. If the Senator from Indiana will support me, I am sure we will be able to move ahead with a vote on that amendment.

Mr. CAPEHART. I shall be glad to support the Senator from Texas.

The PRESIDING OFFICER. How much time does the Senator from Indiana allot to himself?

Mr. CAPEHART. I yield myself 10 minutes, to start with.

The PRESIDING OFFICER. The Senator from Indiana is recognized for 10 minutes.

Mr. CAPEHART. Mr. President, the pending amendment would reduce the public housing starts in fiscal year 1960 to 17,500. The pending bill calls for 35,000 additional authorization, plus, I believe, restoration of approximately 10,000 units which were lost to the program and the extension of the balance of the 1956 act of approximately 30,000 units, or a total of about 75,000 units. The amendment would reduce the additional authorization to 17,500.

I would not offer the amendment if I thought for a moment it would interfere with the program and if it would hinder public housing. It will not do that. I am informed that there is available sufficient authorization to do all that we will be able to do during the next 10 months.

I come back to what I said repeatedly yesterday: Do we or do we not want to take each amendment and each bill as it comes before the Senate and apply this formula to it, namely, can we reduce expenditures under each bill and amendment without interfering or hurting the program, in order that we may have a balanced budget during the fiscal year 1960?

That is what the question amounts to. We can do it or not do it. Senators who vote against the amendment will be saying, in effect, that they do not care whether we have a balanced budget. I cannot go along with that idea. As a Senator said yesterday, he is interested in both a balanced budget and a balanced economy. No one is more interested in a balanced budget and in a balanced economy than I am, and I say here is an opportunity whereby we can have both.

The fact is that we could come close to getting both if we voted the amendment into the bill. If a bill is voted that will reduce expenditures, we may come close to getting a balanced economy. We must give some thought to the taxpayers of America. We must give some thought to the fact that some day we must pay off our national debt. We must give some thought to the necessity of some day reducing taxes. We must also give some thought to the contemplation that some day we must balance the budget. It seems to me that the housing bill is a good place to start, because, not referring to public housing, housing starts in the month of December were on the basis of 1,400,000 for the year, which will make it either the best year in history, or the second best year.

At the moment we have 115,000 public housing units, which are under contract but not yet completed. In all the history of the legislation we have constructed, over a period of 12 or 15 years, 444,173 units in which people are actually living. A little more than one-fourth of that number are under construction, and into which people will move in the future. In other words, the process of public housing is a slow process.

In that connection I should like to give the Senate examples from two of our largest cities. Let us take, for example, Philadelphia. In that city, under management—which means that people are living in the public housing units—there is a total of 10,151 units, with people living in them. That is the total number constructed in Philadelphia since the beginning of the program many years ago. As I have said, those are units in which people are living. The number of units under construction is 565. The number of units under reservation is 2,247. Units in ACC, I presume under contract, number 5,146. The total for Philadelphia is 7,342. That is a total number of 10,151 units which are occupied.

Why should we unbalance our budget and burden our taxpayers when it is not going to do any good particularly?

I am advised that the term "ACC" means credited, but not contracted for. There are so many new initials in use now that it is hard to keep up with them.

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

Mr. CAPEHART. I yield.

Mr. CLARK. What is the total number?

Mr. CAPEHART. Five thousand one hundred and forty-six. If so many housing units are needed in Philadelphia, why have not the city fathers taken advantage of the 5,146 units which have been authorized by Congress, and which could be built and could be handled? I am not criticizing the city fathers of Philadelphia. I know it takes time to do these things. It takes time on the part of city councils. It requires clearing the ground, and so forth.

That is my point. We can well reduce the number and eliminate some of the plans at the moment without in any way interfering with the program.

Chicago has under management—meaning that people have moved into the housing units during the last 14 years—17,027 units; units under construction, 995; units under reservation, 2,959; units as to which the city fathers have not as yet made up their minds, or have not been able to handle, but which Congress has authorized, 8,571—almost half as many units as have been built in Chicago.

I am not talking against the program; I am simply trying to inject a little good, common, horse sense into the program, and to ask why we should spend the taxpayers' money to authorize such programs when they are not needed. I repeat: If I thought such programs were needed, I would favor them.

There are under management—that is, projects in which people are living—444,000 units. The total authorized by Congress is 585,000.

The PRESIDING OFFICER. The 10 minutes of the Senator from Indiana has expired.

Mr. CAPEHART. Mr. President, I allot myself another 2 minutes. Does the unanimous-consent agreement provide for 30 minutes to a side?

Mr. JOHNSON of Texas. It is 30 minutes to be equally divided.

Mr. CAPEHART. I allot myself 2 more minutes.

Mr. President, a good argument can be made that thousands and thousands of public housing units are needed for underprivileged and low-income people in the United States. I could agree with that. But those units will not be built particularly as the result of this bill. Is it not better, then, to reduce the amounts provided for in S. 57?

I tried yesterday to eliminate the entire 35,000 provided in S. 57. I lost that vote. Now I am asking that the 35,000 be reduced to 17,500.

Are we or are we not interested in balancing the budget? Are we or are we not interested in a sound dollar? Are we or are we not interested in reducing expenditures, and particularly in doing all these things when to do so will not materially—I repeat: materially—interfere with the housing program?

We are not asking that public housing be eliminated. We are not saying that a year or 2 years from now we might not be justified in authorizing X number of units, perhaps 35,000; I do not know. I am not one who does not recognize the need to help the people in the big cities who must live in slums. I do not say that at all. But those people are taxpayers, too. They ought to be interested in balancing the budget, and they ought to be interested in a sound economy.

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

Mr. SPARKMAN. Mr. President, I yield 10 minutes to the Senator from Pennsylvania.

Mr. CLARK. Mr. President, I have listened with great interest to the eloquent remarks of the distinguished Senator from Indiana. I shall do what I can to rebut them.

In my judgment, the pending amendment, if adopted, would not only hinder public housing—in this I find myself in disagreement with the Senator from Indiana—but it would come pretty close

to crippling the urban renewal program, because that program requires safe and sanitary shelter for all persons displaced by slum clearance. Without additional public housing units, safe and sanitary shelter cannot be obtained.

The Senator refers to a large number of housing starts last year. This is, indeed, an encouraging matter. But I venture the suggestion that not one of those private housing starts can be of any use at all to the low-income families for whom public housing is the only alternative to continuing to live in slums, in unsafe and insanitary dwellings. They can't afford the private housing.

The Senator from Indiana referred to the situation in my home city of Philadelphia and has noted that there are a great many public housing units in that city, with more under construction and more under reservation, and still more credited under contract.

I used to be the mayor of Philadelphia. I am familiar with this program. I do not hesitate to say that as a result of the urban renewal program, the Federal highway program, and the displacement of families by other governmental programs, the city of Philadelphia will need in the foreseeable future about twice as many units of public housing as are now under reservation or construction. This is because the Federal highway program and the urban renewal program are just getting under way. People have hardly begun to be displaced as a result of those programs.

Mr. CAPEHART. Mr. President, will the Senator yield on my time?

Mr. CLARK. I yield on the Senator's time, yes.

Mr. CAPEHART. Is it not true that Philadelphia has 5,146 units which can be allocated to that purpose at the moment, units which have already been authorized?

Mr. CLARK. They are in the process of being allocated right now.

Mr. CAPEHART. Yes; for the next 12 months.

Mr. CLARK. That number is not nearly enough. The authorization which would be made under the bill would not really reach the status of being under contract for a year or two, so that the impact of the proposed legislation on the 1960 budget is minimal, if it exists at all. I shall come to that in a minute.

The way these programs are operated, there is a long time between the authorization and the actual expenditure of any money. One reason for that, in my judgment, is unnecessary redtape. But much of it is due to necessary precautions, to make certain that the sites are properly selected and the housing is constructed in accordance with standards and specifications of decency and economy.

Getting back to Philadelphia, we will need about twice as many public housing units as are presently contemplated, as the urban renewal and highway programs get under way.

This is likewise true throughout the country. The testimony before the Committee on Banking and Currency was, in my opinion, clear that there is a need for approximately 250,000 additional units of public housing over and above the number presently authorized in the next 5 years to meet the needs of the urban renewal program, the highway program, and other governmental action, and those 10 million families who at present live in substandard dwellings throughout the country and who may not be affected by the other programs at all. So the need is there, and it is clear.

The testimony before the committee on behalf of the American Municipal Association, the United States Conference of Mayors, and the National Association of Housing and Redevelopment Officials indicated support for my bill, which is far more drastic than the bill which was reported by the committee. My bill would have freed for construction 190,000 additional units to be built as the demand developed. The modest proposal in the bill reported by the committee is for only 35,000 units, with a pickup of those not yet authorized.

We should face squarely the question of the budget. We should balance the budget. I am in accord with the Senator from Indiana in that regard. But the way to balance the budget is to provide the revenues necessary to make America strong at home and respected abroad; not by pennypinching measures which could have no other effect than to leave us in the condition of inferiority abroad, and with a second-class America to be handed on to our children and our grandchildren.

I thank the Senator from Alabama for having yielded me so much time. I hope the amendment of the Senator from Indiana will be rejected, as was its substantially similar predecessor last night.

Mr. SPARKMAN. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator from Alabama has 8 minutes remaining; the Senator from Indiana has 1 minute remaining.

Mr. SPARKMAN. Last year the bill which was reported by the Senate committee provided 35,000 units to continue the program. In the compromise which was reached on the floor of the Senate, the number was reduced to 17,500.

This year, when I introduced the bill, I followed the Senate's compromise, and included the 17,500 figure. However, after hearing the testimony, the Senate Banking and Currency Committee voted to increase the number to 35,000.

Mr. President, I submit that, under the evidence which was given to our committee, it certainly would not be going too far or be at all out of line to provide for the 35,000 units.

I am not sure, but I do not believe any Member has placed in the RECORD the table which appears on page 38 of the report on the bill. That table shows the number of units and the standing of the whole program at the present time. Therefore, I ask unanimous consent to have the table printed at this point in the RECORD.

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

The status of authorization under the Housing Act of 1956 is as follows:

	Dwelling units
Number authorized by Housing Act of 1956 (as of Dec. 31, 1958)	70,000
1st-year program (Aug. 1, 1956–July 31, 1958):	
Number authorized	35,000
Number under contract	24,960
Number lost to program	10,040
2d-year program (July 1, 1957–June 30, 1959):	
Number authorized	35,000
Number under contract	4,991
(As of Dec. 31, 1958:)	
Number available until June 30, 1959	30,009
Pending applications:	
Reservation issued	34,327
Applications in process	17,666
Total in process	51,993

Mr. SPARKMAN. Mr. President, as the Senator from Indiana [Mr. CAPEHART] has said, some authorized units have not yet been constructed. However, the testimony given to our committee was that by June 30 of this year, every unit now authorized will have been placed under contract. That is the point for us to remember. It means that if we do not now provide for additional units after June 30 it will not be possible to place under contract any more units during the next 12 months, the next fiscal year.

Furthermore, we are now providing for a 2-year extension of the existing program. That does not mean that the entire 35,000 units have to be used up in one fiscal year; but it allows orderly planning and orderly allocation of those units.

Mr. President, as the Senator from Pennsylvania [Mr. CLARK] has so well pointed out, and as has been pointed out many times by other Members on this floor, under the law a community is required to show, to the satisfaction of the Commissioner of Urban Renewal, that adequate housing that is decent, safe, and sanitary will be made available for those who are forced out of areas involved in slum clearance. In other words, the community is charged with seeing to it that decent, safe, and sanitary housing is available for each of the families displaced from urban renewal areas.

It is true that a great number of them can be taken care of in private housing; in fact, we have established programs to meet that requirement insofar as that can be done. We set up the FHA section 221 program essentially for that purpose; and those who own property in a slum area, and who live there, ordinarily get for their property an amount of money sufficient to enable them to buy one of the section 221 houses. They are low-cost houses; the maximum amount that FHA can insure under this program is $10,000.

But we must remember that a high percentage, if I correctly recall the figures given to us, were unable to pay an economic rent. Well, Mr. President, I was about to say it was 22 percent. It may be higher than that, as given to us by the Housing and Home Finance Agency. I shall ask the Senator from Pennsylvania whether they said 22 percent of the families displaced from urban renewal areas were unable to pay an economic rent.

Mr. CLARK. It is my understanding that the percentage was larger than that.

Mr. SPARKMAN. That may very well be true. I am sorry I do not have the exact figure at my fingertips. I am told by Mr. Cash, the staff director, that approximately 50 percent would be eligible. Certainly a large percentage of them cannot obtain decent housing unless public housing units are available.

So it is almost essential that every city and every town which has an urban-renewal project have some—some, not necessarily a great amount—public housing.

By means of this bill, all we are trying to do is provide what we consider to be the minimum and the necessary amount to meet those requirements and to enable this program to be carried on in an orderly way, meeting only the minimum requirements.

Mr. President, I earnestly hope the amendment will be rejected.

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

The PRESIDING OFFICER. Does the Senator from Indiana request unanimous consent that the time required for a quorum call not be charged to the time available to either side under the unanimous-consent agreement?

Mr. CAPEHART. I so request, Mr. President.

Mr. DIRKSEN. Mr. President, I join in that request.

The PRESIDING OFFICER. Without objection, it is so ordered; and the clerk will call the roll.

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

Aiken	Fulbright	Monroney
Allott	Goldwater	Morse
Anderson	Gore	Morton
Bartlett	Green	Moss
Bennett	Gruening	Mundt
Bible	Hart	Murray
Bush	Hartke	Muskie
Butler	Hayden	O'Mahoney
Byrd, Va.	Hennings	Pastore
Byrd, W. Va.	Hickenlooper	Prouty
Cannon	Hill	Proxmire
Capehart	Holland	Randolph
Carlson	Hruska	Robertson
Carroll	Humphrey	Russell
Case, N.J.	Jackson	Saltonstall
Case, S. Dak.	Javits	Schoeppel
Chavez	Johnson, Tex.	Scott
Church	Johnston, S.C.	Smathers
Clark	Jordan	Smith
Cooper	Keating	Sparkman
Cotton	Kefauver	Stennis
Curtis	Kennedy	Symington
Dirksen	Kerr	Talmadge
Dodd	Langer	Thurmond
Douglas	Lausche	Wiley
Dworshak	Long	Williams, N.J.
Eastland	Mansfield	Williams, Del.
Ellender	McCarthy	Yarborough
Engle	McClellan	Young, N. Dak.
Ervin	McGee	Young, Ohio
Frear	McNamara	

Mr. MANSFIELD. I announce that the Senator from Washington [Mr. MAGNUSON] is absent on official business.

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

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

The Senator from New Hampshire [Mr. BRIDGES] is absent in his State to attend the funeral of a friend.

The Senator from California [Mr. KUCHEL] is necessarily absent.

The Senator from Iowa [Mr. MARTIN] is detained on official business.

The PRESIDING OFFICER. A quorum is present. The question is on agreeing to the amendment of the Senator from Indiana.

Mr. JOHNSON of Texas. Mr. President——

The PRESIDING OFFICER. The Senator from Indiana [Mr. CAPEHART] has 2 minutes remaining, and the Senator from Alabama [Mr. SPARKMAN] has 3 minutes remaining.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield to me 1 minute?

Mr. SPARKMAN. Mr. President, I yield 1 minute to the Senator from Texas.

Mr. JOHNSON of Texas. Mr. President, two yea-and-nay votes have been ordered, one of which will be on the amendment now pending, which is imminent. The other vote will be approximately 30 minutes from now.

Very shortly I shall send to the desk an amendment for myself, for the Senator from Arkansas [Mr. FULBRIGHT], the chairman of the committee, and for the Senator from Alabama [Mr. SPARKMAN], which would eliminate $125 million from the bill for the so-called college housing guarantee fund, and which would reduce the $400 million amount presently in the bill for college housing to $300 million.

It is my understanding that the administration desires only $200 million for that item, and it is contemplated that perhaps an amendment to provide $200 million will be offered.

We will ask for the yeas and nays on the amendment offered for the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Alabama [Mr. SPARKMAN], and myself, and for any other Senators who may desire to join.

We think we ought to go as far as possible to meet the administration halfway. We ought to be reasonable. We all want to be prudent.

I want all Senators to be on notice that as soon as the Senate acts on the second amendment we shall seek recognition for the purpose of reducing, first, $125 million from the guarantee fund, and, second, for the purpose of reducing the $400 million to $300 million for the college housing fund.

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

Mr. JOHNSON of Texas. I yield, if I have time.

Mr. CAPEHART. I have a printed amendment which has been on the desk a couple of days.

The PRESIDING OFFICER. The time of the Senator from Texas has expired. Is the Senator from Indiana using his own time?

Mr. JOHNSON of Texas. Mr. President, I yield the Senator 1 additional minute.

Mr. CAPEHART. The amendment I offered has been pending a couple of days. That amendment would reduce the provisions relating to the college housing fund by $200 million, and the guarantee fund. Does the Senator say he is willing to accept——

Mr. JOHNSON of Texas. No. We are not going to accept anything. We are going to reduce the amount in the bill from $400 million to $300 million if the majority agrees to do so. If the majority agrees with the Senator from Indiana, and he desires to reduce the amount $200 million, we can get a vote on that.

Mr. CAPEHART. As the manager on this side of the aisle, though I cannot speak for everybody, I would say that since the Senator is willing to take $125 million out, while I am asking for a reduction of $200 million, we would accept the compromise offered by the senator.

Mr. JOHNSON of Texas. Very well. We will proceed to that matter as soon as we dispose of these other two amendments. It is our purpose to offer an amendment striking $125 million for the guarantee fund, and reducing the college housing fund from $400 million to $300 million.

Mr. CAPEHART. That would be a difference of only $75 million between that which my amendment would provide for and that which the Senator is suggesting. If it is agreeable to my colleagues, we will be willing to accept that.

Mr. JOHNSON of Texas. I would surely hope that the Senator from Indiana would feel that way about it, because I think what we want to do is not create an issue but resolve issues. The distinguished Senator from Kentucky [Mr. COOPER] was very persuasive with me last evening when he urged me to give consideration to proposals to reduce the housing funds. I hope the Senator has followed our comments, because after adjournment last night, the Senator was urging that this course be followed.

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

The PRESIDING OFFICER. The time of the Senator from Alabama has expired. The Senator from Indiana has 2 minutes remaining.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield me 1 minute?

Mr. DIRKSEN. A parliamentary inquiry, Mr. President.

Mr. JOHNSON of Texas. The time would have to come from the time of the Senator from Indiana, because I yielded the Senator my time. Does the Senator not have some time left?

Mr. CAPEHART. I have 2 minutes left. I should like to have at least a minute.

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

Mr. CAPEHART. Will the Senator tell me what he would like to talk about?

The PRESIDING OFFICER. Does the Senator from Indiana yield?

Mr. COOPER. Mr. President, I asked the Senator from Texas to yield.

Mr. CAPEHART. The Senator from Texas has no time remaining.

Mr. JOHNSON of Texas. Mr. President, in view of the fact that I have yielded to my colleagues rather freely to discuss their position on our time, I ask unanimous consent that I may be permitted to yield my friend from Kentucky 1 minute.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none, and the Senator from Kentucky is recognized for 1 minute.

Mr. COOPER. Mr. President, last night, after the Senate reduced the veterans direct loan fund from $300 million to $150 million, it occurred to me that other reductions could be made in the bill, without doing damage to it. It is a fact—that the majority can do as it wishes with the bill. For that reason, I did go to the Senator from Texas—the majority leader—and I urged him that the greatest responsibility be exercised, and that further cuts could be made, considering the large amount in the Senate bill and the large difference between the administration and Senate bills. I told the Senator that I hoped he would take the initiative on the other side of the aisle to reduce the large sums presented by the Senate committee. I am glad the Senator from Texas has taken this action, and I commend him for his leadership.

Mr. JOHNSON of Texas. I am always delighted to follow the Senator's advice when he is being constructive, as I usually find him to be. I think this is the constructive course to follow. I hope by doing this we can get some housing, instead of an issue.

Mr. CAPEHART. Mr. President——

The PRESIDING OFFICER. The Senator from Indiana is recognized for 2 minutes.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DIRKSEN. It was my understanding that prior to the call of the roll, the distinguished Senator from Alabama had 2 minutes remaining and the distinguished Senator from Indiana had 1 minute remaining.

The PRESIDING OFFICER. The time of the Senator from Alabama was used by the majority leader.

Mr. DIRKSEN. That was 15 minutes ago. I am wondering about some of these amplified minutes.

The PRESIDING OFFICER. In addition, the majority leader asked unanimous consent for 1 minute, the time not to be taken out of the time for either side.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that I be given 1 minute, after the Senator from Indiana concludes.

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

Mr. CAPEHART. Mr. President, we have entered into an agreement with the majority leader to a reduction of $125 million in college housing, although my proposed amendment, which was printed and is lying on the table, would reduce it $200 million. This is certainly a step in the right direction.

We now have an opportunity, with respect to the amendment now under consideration, to cut the public housing units from 35,000 to 17,500, without interfering one iota with the public housing program in an effort to balance the 1960 budget. That is the reason why Senators should vote for the amendment. I urge every Senator to vote for the amendment.

We are reducing by $125 million the college housing, and also the guarantee fund. We are beginning to make some progress, and I thank my colleagues for assisting us in making that progress.

Mr. KEATING rose.

Mr. CAPEHART. I yield to the Senator from New York for a question.

Mr. KEATING. I should like to ask the Senator from Indiana whether a reduction in the public housing provision will in any way affect urban renewal.

Mr. CAPEHART. In my best judgment it will not. I do not see how it could.

Mr. JOHNSON of Texas. Will the Senator yield? It would reduce the authorization for public housing units from 35,000 to 17,500, would it not?

Mr. CAPEHART. That is correct.

Mr. JOHNSON of Texas. In other words, it would cut the authorization in two.

Mr. CAPEHART. It would cut the 35,000 to 17,500.

Mr. JOHNSON of Texas. That would be half.

Mr. CAPEHART. We do not think the 17,500 units are needed, but in order to affect a compromise we are willing to go along.

Mr. JOHNSON of Texas. Anyone who does want public housing would be interested.

Mr. CAPEHART. That is correct.

Mr. KEATING. My question was whether that would affect urban renewal.

The PRESIDING OFFICER. All time for debate has expired.

The Senator from Illinois asked and was granted unanimous consent to address the Senate for 1 minute.

Mr. DIRKSEN. Mr. President, I only wish to put before the Senate what I think are uncontroverted figures.

There are presently 444,000 occupied public housing units. There are 30,000 units presently under construction. There are another 81,000 which are authorized, on which work is not under way. This means that we have plenty of authority, and nobody has demonstrated the need for the additional authority involved in this request for 35,000 units.

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

Mr. DIRKSEN. I have only 1 minute.

I hope, therefore, that the amendment offered by the Senator from Indiana, which proposes to reduce the 35,000 units to 17,500 units, will prevail, because those are ample for all purposes.

I now yield to the Senator from Pennsylvania, if I have time.

Mr. CLARK. I think the Senator is incorrect.

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

Mr. CLARK. Mr. President, I ask unanimous consent to speak for 1 minute.

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

Mr. CLARK. I am afraid the Senator—inadvertently, of course—gave the Senate an erroneous impression when he referred to a large number of public housing units which were not under construction. All the units authorized for this year have been allocated. The sites have been selected. Most of the units will be under contract by July 1 of this year. There is a need, established by the testimony, for 250,000 additional units of public housing in the next 4 or 5 years.

I listened to what my good friend from New York said a minute or two ago. I reply to his question: If we do not get this authorization we will run into grave danger for the urban renewal program, and it will slow down and in some localities come to a halt.

Mr. DIRKSEN. That does not rebut the figures of the Senator from Illinois. The record is exactly as I stated it, and as it was presented to the committee.

Mr. CLARK. The record will speak for itself.

Mr. DIRKSEN. Certainly.

The PRESIDING OFFICER. The time for debate has expired.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. Am I correct in understanding that the question is on agreeing to the Capehart amendment to strike 35,000 public housing units from the bill and insert in lieu thereof 17,500?

The PRESIDING OFFICER. The Senator is correct.

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 Washington [Mr. MAGNUSON] is 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 Washington [Mr. MAGNUSON] would vote "nay."

On this vote, the Senator from Oregon [Mr. NEUBERGER] is paired with the Senator from New Hampshire [Mr. BRIDGES]. If present and voting, the Senator from Oregon would vote "nay" and the Senator from New Hampshire would vote "yea."

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

The Senator from New Hampshire [Mr. BRIDGES] is absent in the State to attend the funeral of a friend.

The Senator from California [Mr. KUCHEL] is necessarily absent.

The Senator from Iowa [Mr. MARTIN] is detained on official business.

The Senator from New Hampshire [Mr. BRIDGES] is paired with the Senator from Oregon [Mr. NEUBERGER]. If present and voting, the Senator from New Hampshire would vote "yea" and the Senator from Oregon would vote "nay."

The result was announced—yeas 39, nays 53, as follows:

YEAS—39

Aiken	Dirksen	Morton
Allott	Dworshak	Mundt
Anderson	Eastland	Prouty
Bennett	Ellender	Robertson
Bush	Ervin	Russell
Butler	Fulbright	Saltonstall
Byrd, Va.	Goldwater	Schoeppel
Capehart	Hickenlooper	Smathers
Carlson	Holland	Stennis
Case, S. Dak.	Hruska	Talmadge
Cooper	Keating	Thurmond
Cotton	Lausche	Williams, Del.
Curtis	McClellan	Young, N. Dak.

NAYS—53

Bartlett	Hayden	Monroney
Bible	Hennings	Morse
Byrd, W. Va.	Hill	Moss
Cannon	Humphrey	Murray
Carroll	Jackson	Muskie
Case, N.J.	Javits	O'Mahoney
Chavez	Johnson, Tex.	Pastore
Church	Johnston, S.C.	Proxmire
Clark	Jordan	Randolph
Dodd	Kefauver	Scott
Douglas	Kennedy	Smith
Engle	Kerr	Sparkman
Frear	Langer	Symington
Gore	Long	Wiley
Green	Mansfield	Williams, N.J.
Gruening	McCarthy	Yarborough
Hart	McGee	Young, Ohio
Hartke	McNamara	

NOT VOTING—6

Beall	Kuchel	Martin
Bridges	Magnuson	Neuberger

So Mr. CAPEHART's amendment was rejected.

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

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

The motion to lay on the table was agreed to.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. As I understand, under the unanimous-consent agreement, 30 minutes of debate will be allowed on the next amendment to be offered by the distinguished Senator from Indiana [Mr. CAPEHART]. I am informed that the Senator from Indiana does not expect to use all of his time, and that the Senator from Alabama [Mr. SPARKMAN] will not use all of his time. Therefore, I hope all Members of the Senate will be on notice that we may have a yea-and-nay vote very shortly. I ask that the yeas and nays be ordered on the amendment.

The yeas and nays were ordered.

The PRESIDING OFFICER (Mr. TALMADGE in the chair). The amendment will be stated.

The CHIEF CLERK. It is proposed to strike out section 305 and insert the following:

SEC. 305. (a) Section 103(a) of the Housing Act of 1949 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 66⅔ per centum for the period prior to July 1, 1960; 60 per centum for the period between July 1, 1960, and June 30, 1961, inclusive; 55 per centum for the period between July 1, 1961, and June 30, 1962, 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) The first sentence of section 103(b) of such act is amended by striking out all before the proviso and inserting in lieu thereof the following: "The Administrator, on and after July 1, 1949, may, with the approval of the President, contract to make capital grants with respect to projects assisted under this title aggregating not to exceed $1,450,000,000, which limit shall be increased by $250,000,000 on July 1 in each of the years 1959, 1960, and 1961 and by $200,000,000 on July 1 in each of the years 1962, 1963, and 1964:".

(c) 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 projects 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)."

(d) The proviso in the first sentence of section 110(e) of such Act is hereby amended by striking out "second sentence" and inserting in lieu thereof "third sentence".

Mr. CAPEHART. Mr. President, in order that we may accommodate all Senators and that they may understand just what we are talking about, I wish to say that we have been debating the subject of housing almost continually for the last 2 days, and I shall take only a minute to state it again. No one is trying to hinder any of the housing programs. We are not trying to eliminate any of the programs. All we are trying to do is take out of the bill X amount of money in order that we may balance the 1960 budget without in any way hindering or interfering with any of these programs. It is as simple as that.

I again wish to say, as a Senator, as a citizen, and as a taxpayer, that we ought to apply the same formula to every piece of proposed legislation that comes before us; namely, whether some money in every bill that comes before us cannot be eliminated without interfering with our programs, in order that we may make an effort to balance the budget.

The pending amendment would reduce the urban renewal authorization to $1,450 million. It is another opportunity for us to prove whether we want to reduce expenditures without hurting the program. It is not possible to go any faster. This is a 6-year program. If we find, 2 years from now, that our financial condition is better, that there are fewer calls upon us for national defense, that we are balancing the budget, and that our income is greater, we can at that time appropriate or authorize more money to go forward with what should be done.

That is all I will say on this subject. I have been discussing this housing legislation and various amendment now for a couple of days. The same principle applies to all of them. I am grateful to the distinguished majority leader for his compromise yesterday in reducing the $300 million to $150 million. At the moment we have an agreement that we will reduce the college housing program by $125 million, and eliminate another item. I am grateful for that. I wish the majority leader would compromise on these other matters. I hope Senators will go along with us. We can do it in all good conscience without hurting the program.

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

Mr. CAPEHART. I yield.

Mr. BUSH. Yesterday the Senator accepted a modification on a similar amendment, to the effect that the $250 million for the first year should become the figure for the last 3 years. In other words, the modification is to change the item of $200 million in the Senator's amendment to $250 million, so as to make it a uniform figure.

Mr. CAPEHART. I ask unanimous consent that I may modify the amendment accordingly.

The PRESIDING OFFICER. Is there objection?

Mr. JOHNSON of Texas. Mr. President, have not the yeas and nays been ordered?

The PRESIDING OFFICER. The yeas and nays have been ordered.

Mr. JOHNSON of Texas. May we find out what the purpose of the modification is?

The PRESIDING OFFICER. The Chair asked if there was objection to the unanimous-consent request. The Chair now recognizes the Senator from Texas.

Mr. JOHNSON of Texas. Reserving the right to object, I wish to hear what the modification is and what the purpose is. Perhaps I will not object.

Mr. BUSH. The modification is a very simple one. It moves in the direction of the Sparkman bill, not away from it. The amendment in question provides for $250 million a year for 3 years and $200 million a year for the next 3 years. The modification would provide $250 million each year for 6 years.

Mr. JOHNSON of Texas. I have no objection.

Mr. CAPEHART. Mr. President, I ask unanimous consent to modify my amendment so as to provide $250 million each year for 6 years.

The PRESIDING OFFICER. Without objection, the amendment of the Senator from Indiana is so modified.

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

Mr. CAPEHART. I yield.

Mr. SPARKMAN. Does the Senator's amendment as modified carry also the provision in the administration's recommendation to reduce Federal participation and increase State participation?

Mr. CAPEHART. That remains the same as it was in my original amendment.

Mr. SPARKMAN. Does the Senator mean that it does?

Mr. CAPEHART. All I am agreeing to in my modification is to make the amount $250 million a year for 6 years.

Mr. SPARKMAN. The Senator, I am afraid, did not correctly understand my question. I ask if his amendment to modify includes the administration proposal to decrease Federal participation and increase local participation.

Mr. CAPEHART. Yes; it does.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. WILLIAMS of Delaware. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a very pertinent article entitled "Glaring Spending Differences," written by Peter Edson, and published in the Washington Daily News of February 5, 1959. Mr. Edson points out in his article the glaring differences in spending between the two major political parties. I think in light of the votes taken yesterday as well as those being taken today in the Senate, in line with trying to balance the budget, the article is most appropriate and timely.

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

GLARING SPENDING DIFFERENCES

(By Peter Edson)

That old gag about it being impossible to tell the difference between Republicans and Democrats is no good any more.

The principal difference is in ideas about the amount of money the Federal Government should spend, and whether the budget shall be kept in balance or operated at a deficit.

In three fields alone—Federal aid to education, airport construction, and housing—Democrats now propose spending $1.5 billion more than the Republican administration proposes for the next fiscal year. Over the full 6 or 7 years of the conflicting programs, the Democrats would spend $13 billion more.

In campaign speeches at Pittsburgh and Charleston last October 27, President Eisenhower identified the Democrats as "the spendthrift league" and accused them of "urging a raid on the taxpayers' dollars."

The charge was resentfully denied by Democratic orators. But from the way things are shaping up in the new session of Congress, the President's charge seems justified.

Take housing. The administration called for a $1.660 billion program, spread over 6 years. Senator JOHN SPARKMAN, Democrat, of Alabama, introduced a bill which would cost $2.965 billion, spread over 7 years.

For the fiscal year 1960, the Democrats' bill would cost $356 million more. Of this, $300 million would be for direct loans to veterans, on which the administration made no proposal.

The bill as passed by the Senate will still have to clear the House and a Senate-House conference committee to compromise differences. President Eisenhower will give no hint on whether he will sign or veto a bill that goes so far beyond his recommendations. But this will bring to a head the question of whether the Government will unbalance its budget and embark on deficit financing.

Take aid to airports. The administration program calls for $200 million spread over 4 years. The bill introduced by Senator A. S. MONRONEY, Democrat, of Oklahoma, calls for $575 million spread over 5 years.

Take Federal aids to education. The administration called for nothing beyond last year's National Defense Education Act. But Senator JAMES E. MURRAY, Democrat, of Montana, has introduced a bill for school construction and other benefits which would cost $1.1 billion the first year and increase by that amount or more to $4.7 billion the 4th year. The total cost would be $11.3 billion.

In the field of Government lending programs, the administration proposed $55 million for depressed areas suffering from chronic high unemployment. Senator PAUL DOUGLAS, Democrat, of Illinois, topped this with a $375 million program. President Eisenhower vetoed a similar bill last year.

All the foregoing illustrate differences in approach to spending bills. In addition, there are wide differences in Republican administration and Democratic congressional bills on labor legislation, civil rights, social security, atomic energy power development, space exploration, missile development, and foreign policy.

Mr. CAPEHART. Mr. President, I call attention to one other matter. I wish every Senator would pay close attention to this. Many statements have been made to the effect that more authorization is needed for public housing. Let me read a statement by the Director of Public Housing:

We lost 10,000 units out of our last year's authorization because they were not requested by the local authorities and by reason of the fact that the housing bill was not enacted last year.

Mr. President, 10,000 units were lost last year because cities throughout the United States did not even request them. So we are authorizing more public housing and urban renewal than the people throughout the country can use. I can well understand that. This is not a criticism, because time is needed to do all these things. If we can do what I am proposing, and not hinder those programs, but still balance the budget, we ought to do it.

I say again that Congress is responsible, 100 percent, for unbalanced budgets, for deficits, and for national debts. It is not the President of the United States who is responsible. Congress alone authorizes the money and makes the appropriations. I do not ever again want to hear the complaint that the President of the United States or the administration, whether it be a Democratic or a Republican administration, is spending too much money and has unbalanced the budget, when Congress, and Congress alone, is responsible, not the President.

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

Mr. CAPEHART. I yield.

Mr. LONG. Can the Senator point out wherein Congress has ever voted more money for the foreign aid program than the President has requested? My impression is that it was pressure emanating from the White House which was responsible for the large foreign aid programs.

Mr. CAPEHART. That does not change my statement. My statement is that Congress, and Congress alone, is responsible for authorizations and appropriations. If Congress appropriates more money than is received in taxes by the Federal Government, then Congress is responsible for the deficits, because Congress sets the tax rates and appropriates the money.

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

Mr. CAPEHART. I yield.

Mr. LONG. Will the Senate tell me wherein Congress is responsible for the increases in interest rates which have added an extra $2 billion a year to financing the national debt?

Mr. CAPEHART. Yes. Congress is responsible for that, because there would not be a national debt if Congress had not appropriated the money. The able Senator from Louisiana knows that.

Mr. LONG. The debt would not be so large if there had not been a war. But what about all the increases in interest rates since then?

Mr. CAPEHART. The Senator cannot deny that Congress, and Congress alone, appropriates the money. The President would not have one cent to spend if it were not appropriated by Congress.

Mr. LONG. Some of us who are opposed to appropriating outlandish sums for foreign aid would like to reduce the amount spent on the foreign aid program. We are against the tremendous increases in interest rates on the national debt. Some of us want to economize at different points. We do not see what the country is getting in return for all the increases in interest rates and the expenditure of money for foreign aid.

Mr. CAPEHART. The Senator from Louisiana is talking about foreign aid when the matter before the Senate is housing and urban renewal.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. CAPEHART. We are operating under a unanimous consent agreement. I shall be happy to yield further to Senators on their own time.

Mr. CASE of South Dakota. Mr. President, will the Senator yield for a comment on this subject?

Mr. CAPEHART. Very well; I yield.

Mr. CASE of South Dakota. Is it not true that high interest rates are a reflection of an inflationary period and deficit spending?

Mr. CAPEHART. The bulk of it is due to the $280 billion debt; also, interest rates have gone up.

Mr. CASE of South Dakota. And they will continue to go up with deficit spending.

Mr. CAPEHART. But Congress has the authority, if it wants to use it, to set the interest rates.

Mr. JOHNSON of Texas. Mr. President, does the Senator decline to yield to Senators on this side of the aisle?

Mr. CAPEHART. No; I am happy to yield to the Senator from Texas. I am ready to vote.

Mr. JOHNSON of Texas. I do not think any party has a monopoly on spending or saving or balancing the budget. I think most of this talk about these things is pure bunk.

I remind Senators that the Senate in the 85th Congress, by almost unanimous votes of both parties—by almost unanimous votes, if not unanimous, in each instance—voted to reduce the administration's—I could say the President's, but I do not want to get personal—the administration's appropriation requests, by a total of $5,600 million.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a letter from the clerk of the Senate Appropriations Committee, showing that the administration's requests for appropriations during the 85th Congress were reduced by Congress a total of $5,600 million, notwithstanding the fact that we gave the President $1 billion more than he requested in the field of defense.

Mr. President, it is also my impression—and I do not pass upon the merits or the justification of the request; Congress in due time will do that—that this administration, which speaks through television and the newspapers about spending, is asking Congress this year to appropriate $825 million more for foreign aid than Congress appropriated last year. I did not say $825,000, Mr. President, but $825 million. That is, in my language, a very substantial increase in spending in that field.

I do not question the motives or the integrity of anyone; I shall not even speak about the judgment as between parties. I have placed in the RECORD, however, the fact that Congress, with Republicans and Democrats voting alike, voted to reduce the administration's requests $5,600 million; and there were yea-and-nay votes on practically every appropriation bill in the 1st session of the 85th Congress, when Secretary of the Treasury Humphrey warned us that if we did not cut expenses we would have a depression that would curl our hair.

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

Mr. JOHNSON of Texas. In just a moment. I understand that this is irritating to those who like to talk about other people's spending, but I want Senators to understand and realize that while there is talk about saving $20 million, $30 million, or $40 million, on programs to put a roof over someone's head, nevertheless those who criticize that are asking Congress to send abroad $825 million more than was sent last year.

If Senators do not know it, they should read the budget. I think the Congress will consider this with great care.

Mr. CAPEHART. Mr. President, I refuse to yield further.

Mr. JOHNSON of Texas. Mr. President, if it has got too hot to take, I yield the floor. [Laughter.]

Mr. BUSH. Mr. President, reserving the right to object——

Mr. CAPEHART. To what?

Mr. BUSH. The Senator from Texas made a unanimous-consent request.

Mr. CAPEHART. Mr. President, I do not yield for that purpose, either. [Laughter.]

Mr. President, it is not too hot for me to take. I am only taking into account the fact that we have a unanimous-consent agreement.

The best speech I have heard on the floor of the Senate to prove my point that the Congress controls the budget and the appropriations was the one made just now by the able Senator from Texas.

Mr. JOHNSON of Texas. I thank the Senator from Indiana.

Mr. CAPEHART. Because he said the 85th Congress reduced them by, I believe, $5 billion, and that other Congresses had reduced them; and he said even the President had asked for more money—asked it of whom? Asked it of the Congress, Mr. President.

Therefore, the Senator from Texas has proved my point that the Congress has the right to reduce expenditures, and also has the right to increase them. The responsibility is 100 percent ours.

At no time during my remarks, either yesterday or today, have I said a word about either Democrats or Republicans. I have only been talking about the fact that it is the responsibility of the Congress—composed of both Democrats and Republicans—to balance the budget; and that the Congress, and only the Congress, has the authority to appropriate money. The RECORD will prove that I played no politics with that matter; I was appealing to all Senators, on both sides of the aisle.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Indiana yield to me, to permit me to commend him?

Mr. CAPEHART. I ask the Senator from Texas to wait just a minute, please.

Mr. President, I was appealing to both sides; and I am grateful to the Senator from Texas for proving my point, because he did prove my point. He proved that the 85th Congress had the courage to reduce the expenditures; and I congratulate him for defending me and protecting me, because he has proved my point 100 percent, namely, that only the Congress can appropriate money, and only the Congress can reduce appropriations. That is all I am trying to do.

Mr. JOHNSON of Texas. Mr. President, let me congratulate the Senator from Indiana.

The PRESIDING OFFICER (Mr. TALMADGE in the chair). The time available to the Senator from Indiana has expired.

Mr. BUSH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. Does the Senator from Alabama yield?

Mr. SPARKMAN. I do not yield just now from the time available to me.

Mr. JOHNSON of Texas. Mr. President, I withdraw my request, if some Senators do not want the letter published at this point in the RECORD. Instead, I shall circulate the letter in private. I ask unanimous consent to have the letter printed at this point in the RECORD. But if the printing of the letter in the RECORD will not be pleasing to some of my colleagues, I withdraw my request.

Mr. BUSH. Mr. President——

Mr. ELLENDER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield; and if so, to whom?

Mr. SPARKMAN. Mr. President, I have been promising to yield to the Senator from Louisiana [Mr. ELLENDER], who already has been delayed in keeping a luncheon engagement. So at this time I yield 4 minutes to the senior Senator from Louisiana [Mr. ELLENDER].

THE ANNUAL MARDI GRAS BALL OF THE LOUISIANA STATE SOCIETY

Mr. ELLENDER. Mr. President, following the rather tense situation which developed during the last few minutes, I shall refer now to something more pleasant.

Tomorrow evening, in the grand ballroom of the Sheraton-Park Hotel, the Louisiana State Society will stage its annual Mardi Gras ball. It is my privilege to serve this year as general chairman of the ball, which honors the men and women who produce, pack, and market golden Louisiana yams.

During the past few hours, quite a few prominent Louisianians have arrived in Washington for this occasion. I am particularly pleased that this year, as in years past, we are joined here in Washington by a bevy of lovely young ladies who are representing the major Louisiana fairs and festivals.

In this regard, Mr. President, it strikes me that the annual Mardi Gras ball here in Washington does more than merely provide an opportunity for Louisianians away from home to participate in a traditional Mardi Gras celebration. It does more than offer an opportunity for us to honor an outstanding Louisiana product. In all truth, Mr. President, the basic resource of any free society is its youth; our young people are the leaders of tomorrow. They are the ones to whom will fall the task, just a few years hence, of preserving and furthering the freedoms which our forefathers struggled to establish, and which we today struggle to maintain.

Therefore, not only as a salute to my State and to its products, but as a salute to the greatest single resource which

any State can have—its youth—I wish to inform the Senate that the following young ladies, representatives of all Louisiana, are today the guests of our Louisiana congressional delegation and the Louisiana State Society:

NAME OF QUEEN AND HOME TOWN—FESTIVAL AND CITY HELD

Miss Gloria Allen, Leesville, La.; Holiday in Dixie Festival, Shreveport, La.

Miss Linda Lou Allen, Springhill, La.; Peach Festival, Ruston, La.

Miss Sally Bisso, New Orleans, La.; New Orleans Spirit of Mardi Gras, New Orleans, La.

Miss Catherine Bush, Bogalusa, La.; American Legion Festival, Bogalusa, La.

Miss Carolyn Ann Cherry, Franklin, La.; International Rice Festival, Crowley, La.

Miss Ann Giordano, Morgan City, La.; Shrimp Festival, Morgan City, La.

Miss Judy Haydel, Houma, La.; Fur Festival, Cameron, La.

Miss Barbara Jean Hayden, Kentwood, La.; Florida Parishes Festival, Kentwood, La.

Miss Sandra Hayes, Lafayette, La.; Louisiana Gulf Coast Oil Festival, Lafayette, La.

Miss Charlotte Hayman, Bogalusa, La.; Rose Festival, Bogalusa, La.

Miss Patricia Ann Healy, Covington, La.; Tung Blossom Festival, Covington, La.

Miss Lillian Hewell, New Iberia, La.; Delcambre Fishing Industry Festival, Delcambre, La.

Miss Jo Ann Hyde, Robert, La.; Louisiana Market Poultry Show, Alexandria, La.

Miss Joan LaBorde, Marksville, La.; Louisiana Livestock and Pasture Festival, Marksville, La.

Miss Marcy Lancaster, New Roads, La.; Louisiana Sugar Cane Festival, New Iberia, La.

Miss Raedonna Lantz, Egan, La.; Louisiana Farm Bureau Federation, Festival, Baton Rouge, La.

Miss Pauline Lasserre, Lafayette, La.; Southwest Louisiana Mardi Gras, Lafayette, La.

Miss Phylis LeBlanc, Delcambre, La.; Future Farmers of America, Baton Rouge, La.

Miss Sandra Lynn Lemoine, Ville Platte, La.; Cotton Festival, Ville Platte, La.

Miss Gladys Mestayer, New Iberia, La.; Louisiana Dairy Festival, Abbeville, La.

Miss Tommie Jean Rayburn, Bogalusa, La.; Louisiana Paper Festival, Bogalusa, La.

Miss Linda Marie Sullivan, Buras, La.; Louisiana Orange Festival, Buras, La.

Miss Sallye Ann Sumlin, Delhi, La.; North Louisiana Delta Festival, Bastrop, La.

Miss Camille Woodall, Oakdale, La.; Forest Festival, Winnfield, La.

LADIES OF THE COURT

Miss Mary Ann Basnight, Silver Spring, Md.

Miss Elizabeth Beyt, St. Martinsville, La.

Miss Corinne Boggs, New Orleans, La.

Miss Nina Claire Breaux, Carencro, La.

Miss Judith Rebecca Fletcher, Alexandria, La.

Miss Sandra Lynn Girouard, Kaplan, La.

Miss Tony Landry, New Iberia, La.

Miss Susan Virginia Phillips, Lafayette, La.

Miss Lynn Prescott, Bethesda, Md.

Miss May Del Tinsley, Point a La Hache, La.

Miss Elizabeth Coit, Newellton, La., champion yam cook of Louisiana.

In addition, Mr. President, I wish to pay particular tribute to a group of men and women who have worked tirelessly to assure the success of this year's Mardi Gras ball. They have been at my right hand during the many weeks the arrangements for this event have required.

First, Dr. Julian C. Miller, of Louisiana State University, the king of the Mardi Gras ball, and a man well known here in Washington. Dr. Miller's tireless research has made Louisiana yams one of my State's leading agricultural products.

Next, Miss Linda Guidry, of Opelousas, La., the queen of this year's ball. She was selected by the Louisiana yam industry; and, in order to reign over the Mardi Gras ball in Washington, she will lay aside her crown as Opelousas Yam Queen for Friday night only.

In this regard, Mr. President, another Louisiana beauty, Miss Arlene Howell, of Bossier City, recently named Miss United States in the Miss Universe contest, will join us at the ball tomorrow night, to replace, for that night only, Miss Guidry, as representative of the Louisiana Yambilee.

Finally, but by no means least, the members of the king's committee, who are representative of the vigorous leadership which characterizes today's growing Louisiana; are the following: Mr. R. J. Castille, of Lafayette, La., chairman; Mr. J. J. Arceneaux, of Opelousas, La.; Mr. A. D. Miller, of Lafayette, La.; Dr. G. A. Ackal, of New Iberia, La.; Mr. A. A. Gonsoulin, of Sunset, La.; Mr. and Mrs. H. M. Knox, of Lafayette, La.; Mr. Robert Pettit, of Lafayette, La.

Unfortunately, Mr. President, time does not permit me to list the names of each and every other representative of my State now in Washington. However, as the senior Senator from Louisiana, as chairman of the 1959 Louisiana State Society Mardi Gras ball, it is my personal privilege to extend to these distinguished citizens of my State, greetings, and to assure them that all of us, in the Congress, and all those in private business and Government employment in the Washington area, bid them welcome to the Nation's Capital.

HOUSING ACT OF 1959

The Senate resumed 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. BUSH. Mr. President, will the Senator from Alabama yield to me?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Connecticut?

Mr. SPARKMAN. First, I should like to ask how much time I have remaining.

The PRESIDING OFFICER. The Senator from Alabama has 10 minutes remaining.

Mr. BUSH. Mr. President, I ask for only 1 minute.

Mr. SPARKMAN. Very well; I yield to my able friend, who is a member of the committee, 1 minute.

Mr. BUSH. I thank the Senator from Alabama.

Mr. President, I simply wish to refer to what the majority leader said a few minutes ago. He spoke of an insertion which he intended to make in the RECORD; he said it was in regard to how the 85th Congress cut back by approximately $5 billion the appropriation requests of the administration.

I rise to ask whether those are net reductions of what has been requested by the administration, or whether they are simply cuts. I also ask what additions the Congress itself made. In other words, if the RECORD is to contain insertions to show what were the reductions in expenditures, it should also contain insertions to show what additions in expenditures have been made by the Congress.

I have noticed such a statement by the majority leader before. To me, it is not a complete statement, and does not give the correct impression. So I ask him to state whether the decrease to which he referred in the expenditures voted by the 85th Congress is a net decrease or not.

The PRESIDING OFFICER. Does the Senator from Alabama yield further; and if so, to whom?

Mr. SPARKMAN. Mr. President, if the majority leader wishes to have me yield time to him, I now do so.

Mr. JOHNSON of Texas. Mr. President, if the Senator from Connecticut has concluded his statement, I ask the Senator from Alabama to yield for just a moment to me.

Mr. SPARKMAN. I yield.

Mr. JOHNSON of Texas. Mr. President, I want Senators to notice what has happened here. The Republicans have used all the time available to them; and now, after all the time available to them has been consumed by them, they request us to yield time to them. We are perfectly willing to yield to them from the time available to us, and we hope they will remember our courtesy.

Mr. President, what the Senator from Connecticut has said reminds me of Bob Taylor's goat, down in Tennessee. The animals held a convention, and wanted to signal their approval of a matter by raising their tails. But the opossum rose and objected; he said he had a very scaly tail which would not look very good if raised in public, whereas, he said, the fox had a beautiful tail which, when raised in public, would be admired by everyone. So the opossum said, "I do not think I would cause pleasure by raising my tail in public. And, besides, Mr. Billy Goat, over there, has done voted." [Laughter.]

Now the Senator from Connecticut has described a letter which he has not seen; he has informed the Senate of the contents of the letter, although he does not know what the letter contains.

I do not wish to detain the Senate further, now that it is about ready to vote on the pending amendment.

The letter is on its way to the Chamber. If I am able to obtain additional time—which I anticipate I shall be able to do later in the afternoon—I shall provide the Senator with a copy of the letter, which comes from the staff of the Appropriations Committee; and I shall furnish him with a tabulation of the votes in which he and all other Members of the Senate participated, and in which I think all of them will take great pride; they are the votes which reflect the total reductions of $5,600 million in Presidential appropriation requests.

I shall also furnish a copy of the President's budget requests this year.

I believe I am correct in repeating now what I repeated at the White House, in a conference of the leadership, earlier in the year, namely, that this administration is asking this Congress for $825 million more in the field of foreign aid than the last Congress gave the administration; and I emphasize the word "more," so that those who wish to do so can judge who the real spenders are.

I furthermore make this prediction. If we continue trying to brand one party as the party of spenders, and the other party as the party of savers; if we continue trying to brand one party as the party of socialism, and the other party as the party of free enterprise; if we continue to deal in labels instead of reason, I think the people may get a balanced budget, all right. There is going to be so much propaganda that by the time we get through the last appropriation bill, Congress may balance it in that last bill.

Mr. President, we have differences of opinion. Some of us want to put a few roofs over people's heads. Some want to build reclamation projects abroad. I have not checked it, but someone told me the other day an Interior official or authority on Interior matters said we spent more on reclamation projects abroad last year than we did on reclamation projects at home.

As the Senator from Louisiana has consistently pointed out—and I have not always agreed with him—this Congress has made substantial reductions in foreign aid and reductions in other items. I remember the cry that went up, when we took away one of these programs that we thought was wasting money, and sought to cut it down.

Mr. CAPEHART. Mr. President——

Mr. JOHNSON of Texas. The Senator from Illinois knows to whom I refer—Mr. Arthur Larsen. We were willing to give him as much money as his agency had had the previous year——

Mr. CAPEHART. Mr. President, how much time does the Senator have?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Indiana?

Mr. JOHNSON of Texas. No. I will yield in a moment, but the Senator would not yield to me. I want to get some information before this body. I refer to the appropriation for the USIA. He did not know what the Administrator was spending it for or where he was spending it. We asked him to ascertain the facts and tell us in 2 or 3 days.

Former Senator Knowland and the Senator from Illinois were members of the committee. I think the Senator from Massachusetts was a member. I think we all agreed that the Agency made a very poor case, and we cut its request. We had a vote on the floor. I think there were 20 votes in favor of the Agency's request.

Mr. President, some Senators are going to want more appropriated for reclamation projects. Some are going to want more for foreign aid. Can we not differ without questioning each other's integrity or labeling one party as the party of spenders and the other party as the party of savers? Let us reason among ourselves and go over requests with a fine-tooth comb.

I want to save every little penny I can save. It does not mean I am a spender because I want to vote for a housing bill and because I voted to restore $800 million for foreign aid last year. I may support foreign aid this year. Our President asked me to try to restore $800 million. I did not go on television and say, "He is a spender. Beware of him." I said, "Mr. President, I have grave doubts about the wisdom of the request, but I am going to resolve the doubts in your favor, because if anyone has had experience in this matter, you have had. I think you have had more experience in this field than I."

My vote was the deciding vote on restoring several hundred million dollars to the appropriation for foreign aid. Last year we got several hundred milllion dollars. We could not get all we wanted. Senator Knowland and I defended the administration against amendments which would have further cut the amount in the bill. Who were the spenders and who were the savers then?

No one has a monopoly on patriotism or thrift. We are all good Americans. We do not want to have one party labeled as the party of spenders, or the party of treason, or the party of Socialists, because the people will not take that kind of stuff. They showed it when they did not permit anyone to run against Eugene Debs. They knew he was gone.

In the last election the majority party did not lose one single seat in this body. For one of the first times in the history of the Republic, the majority party picked up 15 new Senate seats, and a few Republicans won by a hair's breadth.

The Senator from Alabama has handed me an article showing results of a Gallup Poll, which some persons have been quoting quite loosely. The poll shows that in the 1958 election 56 percent of the people voted for the Democrats and 43 percent for the Republicans.

Since then the Republicans have been climbing. The people have been reading some of the Republican speeches.

The Democratic trend today is 58 percent to 42 percent——

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

Mr. JOHNSON of Texas. I will finish this sentence, and then conclude.

I am going to work as diligently as I can, as leader of the majority, as a member of the Appropriations Committee, to get the budget in balance.

I know two ways to balance the budget. One is to sit in a rocking chair and quit working, to sit and chew and go on retirement and to be paid unemployment compensation benefits and do nothing. The other way is to get up before daylight, work until after dark, do more, and build more, for the country. I am for the latter way.

But I am going to screen these appropriation bills. I do not think we have to be lectured on spending. When this Congress shall have finished its work this year, I predict it will be found that we increased some of the recommendations of the President, and cut some of the recommendations of the President. This is not going to be a "me too" Congress—at least on this side of the Capitol. I hope it will not be on either side.

When it is all over, I hope we shall have a sound fiscal policy and a balanced budget. I think we can have one if we quit assuming that only one party is the patriotic one and the other party is made up of spendthrifts and spenders.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DIRKSEN. What is the status of the time remaining to either side?

The PRESIDING OFFICER. All time on the amendment has expired.

Mr. DIRKSEN. Mr. President, I ask unanimous consent to proceed for—I was going to say a moment. I am not going to say one of the majority leader's "moments," which I think was about 15 minutes long, but I shall be content with 5 minutes.

Mr. SPARKMAN. Mr. President, reserving the right to object, I must object unless this side is granted the same amount of time as the other side.

Mr. JOHNSON of Texas. I spoke in the time which was allotted.

Mr. SPARKMAN. I shall object unless the request is modified to give our side the same amount of time.

Mr. JOHNSON of Texas. We do not need all that time.

Mr. President, I ask unanimous consent to have 8 additional minutes, the minority leader to have 5 minutes and the majority leader to have 3 minutes.

Mr. SPARKMAN. Reserving the right to object, a couple of Senators have asked me for time to speak. I have been unable to give it to them. I insist on being granted the same amount of time.

Mr. JOHNSON of Texas. Very well. We shall yield it back.

Mr. CAPEHART. Mr. President——

Mr. JOHNSON of Texas. Mr. President, a point of order. Let us have the unanimous-consent request acted on.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request?

Mr. SPARKMAN. Mr. President, a parliamentary inquiry. What is the request?

The PRESIDING OFFICER. The question before the Senate is the request of the Senator from Texas.

Mr. JOHNSON of Texas. Mr. President, I modify my request to provide for 5 minutes on each side.

The PRESIDING OFFICER. The request has been modified to provide for 5 minutes to either side.

Mr. LONG. Mr. President, reserving the right to object, how much time remains?

Mr. JOHNSON of Texas. There is no time on the amendment.

Mr. President, may we have the request acted upon?

The PRESIDING OFFICER. The question is on agreeing to the unanimous-consent request proposed by the Senator from Texas. Is there objection? The Chair hears none, and it is so ordered.

The Chair recognizes the Senator from Illinois.

Mr. DIRKSEN. Mr. President, I yield 30 seconds to the Senator from Indiana. [Laughter.]

The PRESIDING OFFICER. The Senator from Indiana is recognized for 30 seconds.

Mr. CAPEHART. In all friendliness, since the majority leader made so much to-do about the fact that he would not yield, I will ask the question: Was the long speech the Senator made not on my time rather than on his own time? [Laughter.]

I am not complaining about that.

I want to say another thing. I think the majority leader has proved conclusively, without a question of doubt, that the Congress of the United States controls appropriations and ought to control them. I hope from this time on we shall control appropriations even more than we have in the past.

Mr. DIRKSEN. Mr. President——

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DIRKSEN. Mr. President, I address an observation to the majority leader.

Mr. JOHNSON of Texas. I am listening.

Mr. DIRKSEN. I should like to have the majority leader reinstitute his request now to have printed in the RECORD the letter that he discussed, which was one coming from the Committee on Appropriations.

Mr. JOHNSON of Texas. Will the Senator do that on his own time and in his own manner?

Mr. DIRKSEN. Did the Senator from Texas withdraw the request?

Mr. JOHNSON of Texas. I withdrew it. I have 5 minutes which I plan to use discussing that matter and others.

Mr. DIRKSEN. Mr. President, I trust that request will be renewed, and I hope there will be no objection from this side of the aisle, because I want the whole story to be told.

One of the most delightful qualities about the majority leader is——

Mr. COTTON. Mr. President, may we have order, so that we can hear the Senator?

The PRESIDING OFFICER. The Senate will be in order. The Senator from Illinois will suspend until the Senate is in order. All persons desiring to confer will retire to the cloakrooms.

The Senator from Illinois is recognized.

Mr. DIRKSEN. Mr. President, one of the most delightful qualities about the majority leader is that he can often persist in error. I think the whole record ought to be made, because I have seen this allegation about how much the majority cut, ostensibly with Republican aid, in the 85th Congress. I am afraid, however, as it has been presented from time to time it does not tell the whole story. What we want to know is: What is the picture with respect to all spending? We will not get that story entirely from the Appropriations Committee.

I observe my distinguished friend, the junior Senator from Virginia [Mr. ROBERTSON], is present in the Chamber. How eloquently he waxed on occasion about bypassing the Appropriations Committee and getting money out of the Federal Treasury by other methods and devices.

In connection with my remarks, Mr. President, I had expected to have printed as a part of my remarks a statement from the Bureau of the Budget, indicating what happened with respect to all spending, with respect to all of the President's requests, to show the ultimate result after the vetoes and Republican opposition had a chance to be registered. However, I do not have the statement at hand now, and shall have it inserted at some future time.

Then we shall see whether there was a cut or whether there was an increase. Then we shall determine also whether this applied to 2 years instead of 1. I am willing to stand on the record any time.

I think sometimes of the fellow who saw an automobile accident out home, when he was put on the stand to testify. Counsel said, "Did you see the accident?" He said, "Yes, sir." Counsel asked, "How far were you away when the accident happened?" He said, "Twenty-two feet nine and three-quarter inches." Counsel looked at the court and looked at the jury and said, "Well, Smartie, tell the court and jury, how do you know it was twenty-two feet nine and three-quarter inches?" He said, "When it happened, I took out a tape measure and measured from where I stood to the point of impact, because I knew some lawyer was going to ask me that question."

The question has been asked, and we are going to get all the facts, including the facts with respect to bypassing of the Appropriations Committee. When that matter is resolved I think it will set up an entirely different story. I am willing to let the Government record speak eloquently in cold figures on that point.

I have nothing more to say, Mr. President.

Mr. JOHNSON of Texas. Mr. President——

The PRESIDING OFFICER. The Senator from Texas is recognized.

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

Mr. JOHNSON of Texas. I do not want a partial record to be made; I want the full record to be made.

Mr. President, I asked permission to have the letter printed in the RECORD a few moments ago. Under a reservation of objection, I withdrew my request. I want to now read the letter into the RECORD.

The letter is dated October 2, 1958. The letter is addressed to Hon. LYNDON B. JOHNSON, Democratic leader, U.S. Senate, Washington, D.C., and is signed by Everard Smith, clerk, Senate Appropriations Committee.

I believe the Senator from Massachusetts [Mr. SALTONSTALL] has probably confirmed this in the last few moments, perhaps with the Committee on Appropriations. If I am in error I hope the Senator will say so. Anyway, the letter reads as follows:

DEAR SENATOR JOHNSON: The two tables attached, appearing in the Daily Digest of September 12, 1958, represent the total appropriations—

That is what we are requested to make. We do not make expenditures; we make appropriations; and the administrative officials accumulate them and accumulate them, carry them over and carry them over, and accumulate them and accumulate them. They are asking for appropriations.

I read further from the letter—

represent the total appropriations made during the first and second sessions of the 85th Congress.

It will be noted that the total estimates—

That is, budget estimates—

considered during the 1st session of the 85th Congress—

That is, every kind of estimate which is submitted—

amounted to $64,638,110,610.

That is what was requested, roughly $64.6 billion. I hope Senators will keep that in mind. That is the request that came to us.

Senators can run themselves down if they wish to. Senators can brand themselves as spenders if they wish to, but I am going to defend them, because Senators voted to reduce those requests from $64 billion to $59,589,731,631, a reduction—capitalize—emphasize—

a reduction in the budget estimates by the Congress—

Not by the Democrats but all the Congress, although the Democrats were in control of the Congress—

of $5,058,378,979—

In the first session.

The former Senator from California, Mr. Knowland, and I had an agreement that we would call the roll to see if any Senator wanted to reduce or wanted to add. We wanted to reduce these requests. We did that.

I believe I am correct, though I am speaking from memory, when I say we called the roll on every appropriation bill and in each instance it was either unanimous or there were less than five votes against us.

I read further from the letter:

The total estimates considered during the 2d session of the 85th Congress amounted to $73,272,659,573 and the appropriations to $72,653,476,248, or a reduction in the budget estimates by the Congress—

All of us—

of $619,183,325.

The figures in the tables are exclusive of permanent appropriations estimated at $8,346 million for the fiscal year 1958 and $8,334 million for the fiscal year 1959.

Sincerely yours,

EVERARD SMITH,
Clerk, Senate Appropriations Committee.

Those last two figures include automatic expenditures, such as interest on the public debt and the return of taxes and matters like that, largely handled in the Treasury Department.

Mr. President, I want to make a final point. I do not claim that is a record made by the Democrats. I claim that is a record made by this institution of which I am so proud, the Senate of the United States.

I simply ask people to reserve judgment on what we are going to do this year. Before we are branded as spenders, give us a chance. I ask people to reserve comment, because I am afraid they are going to oversell some of their people to the point where they will have to come back to ask us to restore some of the cuts which may be made.

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

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

Mr. JOHNSON of Texas. If the Senate will give me more time I will yield. My time has expired.

Mr. SALTONSTALL. The Senator referred to me.

Mr. JOHNSON of Texas. I have no more time.

Mr. President, I ask unanimous consent that I be granted 1 additional minute.

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

Mr. JOHNSON of Texas. I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. The figures were given to me, as the Senator said. They are substantially the figures given by the Senator from Texas. I should like to add one point, in the interest of accuracy. I know the Senator wants to be absolutely accurate.

Mr. JOHNSON of Texas. Is the letter accurate, as I read it?

Mr. SALTONSTALL. I do not have the letter. There is just one additional amount. As I understand, those figures do not include, when we consider all Federal expenditures, programs financed by borrowing authority.

Mr. JOHNSON of Texas. That is correct. I stated that, and pointed it out, and referred to interest on the public debt and other matters.

What I wish to point out in the 30 seconds I may have left is that the Congress—all of us—ought to be proud of our record. We reduced the President's request by $5,600,000,000, notwithstanding the fact that we gave him $1 billion more than he asked for defense. We may not be able to do that well this year; but give us a chance. By custom, appropriation bills originate in the other body.

I understand, from reading the newspapers, that some of the items will be trimmed pretty effectively. Some of my friends may be put in an embarrassing position and we may be asked to restore some of this money before we are through. So I ask them not to be too much occupied with putting labels on us. There are prudent Members on both sides of the aisle; and we are going to save every dime we can, consistent with good national policy.

Mr. RANDOLPH. Mr. President——

Mr. DIRKSEN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from West Virginia?

Mr. DIRKSEN. First I must find out how much time I have.

The PRESIDING OFFICER. The Senator has 1 minute remaining.

Mr. DIRKSEN. I ask unanimous consent to add 1 minute, so as to equalize the time.

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

Mr. JOHNSON of Texas. I yielded time to the Senator from Massachusetts.

Mr. DIRKSEN. Very well. I ask that the majority leader be granted an additional minute. I have 2 minutes.

The PRESIDING OFFICER. The Senator from Illinois asks unanimous consent that he be recognized for 2 minutes. Is there objection?

Mr. DIRKSEN. No. I have 1 minute in my own right. I ask for an additional minute.

The PRESIDING OFFICER. Without objection, the Senator is granted an additional minute.

Mr. DIRKSEN. According to the clock, I now have 120 seconds. I yield 60 seconds to the distinguished Senator from South Dakota [Mr. CASE].

Mr. CASE of South Dakota. Mr. President, I do not think I shall require 60 seconds.

The total figures given by the Senator from Texas [Mr. JOHNSON] are substantially correct, in comparison with the recapitulation of estimates and appropriations for the 1st and 2d sessions of the 85th Congress. I have the tables before me. I think the tables as a whole would be of interest to the Senate. I therefore ask unanimous consent that the two tables shown in the compilation of appropriations for the 1st and 2d sessions of the 85th Congress be printed in the RECORD at this point as a part of my remarks.

The PRESIDING OFFICER. Is there objection?

Mr. JOHNSON of Texas. Mr. President, reserving the right to object, I have no objection to the insertion of the tables in the RECORD. The Senator from South Dakota says that the letter from the clerk of the Appropriations Committee is substantially correct. Does that mean it is correct, or is there an error?

Mr. CASE of South Dakota. There is a little variation from the figures shown in the tables.

Mr. JOHNSON of Texas. Which is correct—the Senator's tables or the clerk of the Appropriations Committee?

Mr. CASE of South Dakota. I think the tables are undoubtedly correct. They are contained in bound volumes——

Mr. JOHNSON of Texas. The mere fact that they are bound does not make them any more correct.

Mr. CASE of South Dakota. No; but the figures are shown in detail, bill by bill.

Mr. JOHNSON of Texas. Does the Senator question the totals as given by the staff of the Appropriations Committee?

Mr. CASE of South Dakota. The reason I should like to have the itemization made a part of the RECORD is that it would make clear just where the increases and reductions were made.

Much was made during the 85th Congress, and much is made in this Congress, of the defense picture.

Of the $5 billion by which the first session of the 85th Congress reduced the President's requests, $2,368 million represented a reduction in the request of the President for the Department of Defense. The country has heard much about the failure of the Eisenhower administration to provide adequately for defense.

Mr. JOHNSON of Texas. Mr. President, I wish to make it clear, and I defy any Senator to deny it—that the President did not use all the appropriations we made for defense. Some of the money is impounded. Let us not try to pull the wool over the eyes of intelligent people. I do not pass judgment on the President's decision to impound certain funds and refusing to spend them; but that is a fact, and no Senator can deny it.

The PRESIDING OFFICER. All time has expired.

Mr. CASE of South Dakota. Mr. President, what about my unanimous-consent request, which I made in my own time, to have placed in the RECORD certain tables prepared under the direction of the Committee on Appropriations, as required by law?

The PRESIDING OFFICER. Without objection, the tables may be printed in the RECORD.

The tables are as follows:

VIIIa.—*Recapitulation of itemized estimates and appropriations, 85th Cong., 1st sess.*

	Regular budget estimates, fiscal year 1958	Supplemental estimates, fiscal year 1958 and prior years		Total budget estimates	Total appropriations, 85th Cong., 1st sess.	Increase (+) or decrease (−), appropriations compared with estimates
		Increases	Decreases			
REGULAR ANNUAL ACTS						
Department of Agriculture	$4,219,446,617		$254,000,000	$3,965,446,617	$3,666,543,757	−$298,902,860
Atomic Energy Commission	2,377,000,000	$114,625,000		2,491,625,000	2,323,632,500	−167,992,500
Department of Commerce and related agencies	880,983,000	25,500,000	34,970,000	871,513,000	597,790,225	−273,722,775
Department of Commerce	803,790,000	25,500,000	25,500,000	803,790,000	536,607,225	−267,182,775
Canal Zone	17,648,000			17,648,000	16,765,600	−882,400
Independent agencies	59,545,000		9,470,000	50,075,000	44,417,400	−5,657,600
Department of Defense	36,128,000,000			36,128,000,000	33,759,850,000	−2,368,150,000
Office of the Secretary of Defense	17,175,000			17,175,000	16,350,000	−825,000
Interservice activities	687,825,000			687,825,000	682,375,000	−5,450,000
Department of the Army	8,465,000,000			8,465,000,000	7,264,550,000	−1,200,450,000
Department of the Navy	10,487,000,000			10,487,000,000	9,866,355,000	−620,645,000
Department of the Air Force	16,471,000,000			16,471,000,000	15,930,220,000	−540,780,000
District of Columbia	25,504,450			25,504,450	22,504,450	−3,000,000
General Government matters	20,921,870			20,921,870	16,010,370	−4,911,500
Independent offices	5,923,195,000			5,923,195,000	5,373,877,800	−549,317,200
Department of the Interior and related agencies	515,189,700			515,189,700	456,189,600	−59,000,100
Department of the Interior	373,460,000			373,460,000	326,015,900	−47,444,100
Related agencies	14,851,700			14,851,700	10,433,700	−4,418,000
Virgin Islands Corporation	692,000			692,000	524,000	−168,000
Forest Service	126,186,000			126,186,000	119,216,000	−6,970,000
Departments of Labor, and Health, Education, and Welfare	2,981,277,581			2,981,277,581	2,871,182,781	−110,094,800
Department of Labor	384,678,000			384,678,000	353,817,600	−30,860,400
Department of Health, Education, and Welfare	2,582,114,581			2,582,114,581	2,503,130,381	−78,984,200
Related agencies	14,485,000			14,485,000	14,234,800	−250,200
Legislative branch	103,628,858	4,650,185	7,600	108,271,443	104,844,660	−3,426,783
Mutual security		3,396,860,000		3,386,860,000	2,768,760,000	−618,100,000
Public works	895,446,000		18,993,000	876,453,009	858,094,323	−18,358,677
Department of the Interior	243,206,000		5,658,000	237,548,000	215,061,223	−22,486,777
Civil functions, Army	652,240,000		13,335,000	638,905,000	643,033,100	+4,128,100
Departments of State, Justice, Judiciary, and related agencies	667,142,972	81,830	1,575,000	665,649,802	562,891,293	−102,758,509
Department of State	227,714,552			227,714,552	189,024,243	−38,690,309
Department of Justice	234,655,000		75,000	234,580,000	226,705,000	−7,875,000
The Judiciary	40,773,420	81,830		40,855,250	38,562,050	−2,293,200
U.S. Information Agency	144,000,000			144,000,000	96,200,000	−47,800,000
Funds appropriated to the President	20,000,000		1,500,000	18,500,000	12,400,000	−6,100,000
Treasury and Post Office Departments	3,965,291,000			3,965,291,000	3,884,927,000	−80,364,000
Treasury Department	713,831,000			713,831,000	691,467,000	−22,364,000
Post Office Department	3,250,000,000			3,250,000,000	3,192,000,000	−58,000,000
Tax Court of the United States	1,460,000			1,460,000	1,460,000	
District of Columbia (out of District revenues)	(206,843,100)	(2,661,700)		(209,504,800)	(195,676,480)	(−13,828,320)
Total, regular annual acts	58,703,027,048	3,531,717,015	309,545,600	61,925,198,463	57,267,098,759	−4,658,099,704
DEFICIENCY AND SUPPLEMENTAL ACTS						
Second Urgent Deficiency, 1957		55,945,000		55,945,000	49,861,000	−6,084,000
Additional appropriations, 1957		327,000,000		327,000,000	320,090,000	−6,910,000
Third Supplemental, 1957		206,699,320		206,699,320	85,669,925	−121,029,395
Post Office Department Supplemental, 1958		149,500,000		149,500,000	133,000,000	−16,500,000
Supplemental, 1958	92,857,000	1,880,910,827		1,973,767,827	1,734,011,947	−239,755,880
Total, deficiency and supplemental acts	92,857,000	2,620,055,147		2,712,912,147	2,322,632,872	−390,279,275
MISCELLANEOUS ACTS						
Miscellaneous public acts					394,900	+394,900
Miscellaneous private acts					525,295	+525,295
Total, miscellaneous acts					920,195	+920,195
Total, regular annual, deficiency, supplemental, and miscellaneous appropriation acts	58,795,884,048	6,151,772,162	309,545,600	64,638,110,610	59,590,651,826	−5,047,458,784
PERMANENT ANNUAL APPROPRIATIONS						
(General and special accounts)						
Interest on the public debt	7,300,000,000	500,000,000		7,800,000,000	7,800,000,000	
Refund of taxes	4,370,994,000			4,370,994,000	4,370,994,000	
Sinking fund and other debt retirement funds	623,867,772			623,867,772	623,867,772	
All other permanent and indefinite (general and special accounts)	674,444,730	1,000,000		675,444,730	679,444,730	+4,000,000
Total, permanent and indefinite (general and special accounts)	12,969,306,502	501,000,000		13,470,306,502	13,474,306,502	+4,000,000
Grand total, regular, annual, deficiency, supplemental and miscellaneous acts and permanent appropriations	71,765,190,550	6,652,772,162	309,545,600	78,108,417,112	73,064,958,328	−5,043,458,784

VIIIa.—*Recapitulation of itemized estimates and appropriations, 85th Cong., 2d sess.*

	Regular budget estimates, fiscal year 1959	Supplemental estimates, fiscal year 1959 and prior years		Total budget estimates	Total appropriations, 85th Cong., 2d sess.	Increase (+) or decrease (−), appropriations compared with estimates
		Increases	Decreases			
REGULAR ANNUAL ACTS						
Department of Agriculture	$3,306,108,539	$14,780,000		$3,320,888,539	$3,191,875,539	−$129,013,000
Department of Commerce and related agencies	983,406,000		$685,000	982,721,000	971,214,000	−11,507,000
Department of Commerce	858,099,000			858,099,000	851,754,000	−6,345,000
Canal Zone	41,647,000			41,647,000	39,350,000	−2,297,000
Independent agencies	83,660,000		685,000	82,975,000	80,100,000	−2,865,000
Department of Defense	36,741,200,000	2,053,447,000	7,677,000	38,786,970,000	39,602,827,000	+815,857,000
Office of the Secretary of Defense	356,400,000	180,000,000		536,400,000	536,017,000	−383,000
Interservice activities	734,000,000	40,000,000		774,000,000	836,900,000	+62,900,000
Department of the Army	8,510,000,000	447,235,000	3,700,000	8,953,535,000	8,992,859,000	+39,324,000
Department of the Navy	10,261,400,000	612,758,000	3,977,000	10,870,181,000	11,359,427,000	+489,246,000
Department of the Air Force	16,879,400,000	773,454,000		17,652,854,000	17,877,624,000	+224,770,000
District of Columbia	27,229,000	431,600		27,660,600	22,860,600	−4,800,000
General Government matters	15,814,870	200,000		16,014,870	15,679,870	−335,000
Independent offices	5,922,343,500	248,927,000		6,171,270,500	6,090,156,900	−81,113,600
Department of the Interior and related agencies	414,484,600			414,484,600	459,675,950	+45,191,350
Department of the Interior	287,543,900			287,543,900	320,454,250	+32,910,350
Related agencies	10,681,700			10,681,700	9,536,700	−1,145,000
Virgin Islands Corporation	130,000			130,000	130,000	
Forest Service	116,129,000			116,129,000	129,555,000	+13,426,000
Departments of Labor, and Health, Education, and Welfare	2,927,537,181	47,900,000		2,975,437,181	3,142,606,981	+167,169,800
Department of Labor	408,032,600			408,032,600	388,741,700	−19,290,900
Department of Health, Education, and Welfare	2,504,524,581	47,900,000		2,552,424,581	2,735,815,281	+183,390,700
Related agencies	14,980,000			14,980,000	18,050,000	+3,070,000
Legislative branch	121,138,954	2,707,715		123,846,669	123,297,387	−549,282
Military construction		1,730,653,000		1,730,653,000	1,353,850,000	−376,803,000
Interservice activities		20,000,000		20,000,000	20,000,000	
Department of the Army		340,900,000		340,900,000	236,250,000	−104,650,000
Department of the Navy		368,253,000		368,253,000	303,000,000	−65,253,000
Department of the Air Force		1,001,500,000		1,001,500,000	794,600,000	−206,900,000
Mutual security		3,950,092,500		3,950,092,500	3,298,092,500	−652,000,000
Public works	879,943,000	197,413,000		1,077,356,000	1,118,128,835	+40,772,835
Civil functions, Army	632,935,000	126,590,000		759,525,000	813,887,500	+54,362,500
Department of the Interior	230,158,000	70,823,000		300,981,000	287,391,335	−13,589,665
Tennessee Valley Authority	16,850,000			16,850,000	16,850,000	
Departments of State, Justice, Judiciary, and related agencies	589,215,011	70,000		589,285,011	577,904,113	−11,380,898
Department of State	199,990,151			199,990,151	197,103,353	−2,886,798
Department of Justice	230,190,000			230,190,000	230,317,000	+127,000
The Judiciary	41,402,860	70,000		41,472,860	40,823,260	−649,600
United States Information Agency	110,032,000			110,032,000	103,250,000	−6,782,000
Funds appropriated to the President	7,600,000			7,600,000	6,410,500	−1,189,500
Treasury—Post Office Departments	4,121,969,000			4,121,969,000	4,108,108,000	−13,861,000
Treasury Department	699,367,000			699,367,000	704,627,000	+5,260,000
Post Office Department	3,421,121,000			3,421,121,000	3,402,000,000	−19,121,000
Tax Court of the United States	1,481,000			1,481,000	1,481,000	
District of Columbia (out of District revenues)	(213,887,000)	(1,315,500)	(49,000)	(215,153,500)	(204,033,460)	(−11,120,040)
Total, regular annual acts	56,050,389,655	8,246,621,815	8,362,000	64,288,649,470	64,076,277,675	−212,371,795
DEFICIENCY AND SUPPLEMENTAL ACTS						
Supplemental Defense, 1958		1,260,000,000		1,260,000,000	1,260,000,000	
Department of Labor Supplemental, 1958		43,400,000		43,400,000	43,400,000	
Second Supplemental, 1958		2,874,144,080		2,874,144,080	2,861,008,793	−13,135,287
Urgent Deficiency, 1958		34,811,802		34,811,802	29,784,302	−5,027,500
Additional Supplemental Appropriations, 1958		690,700,000		690,700,000	685,700,000	−5,000,000
Supplemental, 1959	2,297,150,000	1,784,004,221		4,081,154,221	3,697,305,478	−383,848,743
Total, deficiency and supplemental acts	2,297,150,000	6,687,060,103		8,984,210,103	8,577,198,573	−407,011,530
Total, regular annual, deficiency, and supplemental acts	58,347,539,655	14,933,681,918	8,362,000	73,272,859,573	72,653,476,248	−619,383,325
MISCELLANEOUS ACTS						
Miscellaneous public acts					430,679	+430,679
Miscellaneous private acts					1,108,673	+1,108,673
Total, miscellaneous acts					1,539,352	+1,539,352
Total, regular annual, deficiency, supplemental, and miscellaneous appropriation acts	58,347,539,655	14,933,681,918	8,362,000	73,272,859,573	72,655,015,600	−617,843,973
PERMANENT ANNUAL APPROPRIATION (General and special accounts)						
Interest on the public debt	7,800,000,000			7,800,000,000	7,800,000,000	
All other permanent and indefinite (general and special accounts)	664,201,426			664,201,426	664,802,676	+601,250
Total, permanent and indefinite (general and special accounts) [1]	8,464,201,426			8,464,201,426	8,464,802,676	+601,250
Grand total, regular, annual, deficiency, supplemental, and miscellaneous acts and permanent appropriations	66,811,741,081	14,933,681,918	8,362,000	81,737,060,999	81,119,818,276	−617,242,723

[1] Excludes permanent appropriations for refund of taxes and sinking fund and other debt retirement funds.

Mr. SPARKMAN. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. SPARKMAN. As I understood the request of the Senator from Illinois, as modified, it was that each side have an additional minute. The Senator from Texas has not used his minute. He was speaking a moment ago on a reservation of objection.

The PRESIDING OFFICER. The Senator from Illinois [Mr. DIRKSEN] asked for 1 additional minute, which request was agreed to.

Mr. SPARKMAN. I ask the Senator from Illinois if he did not modify his request so as to request 1 minute additional for each side.

Mr. DIRKSEN. I did; and nothing happened to it.

Mr. SPARKMAN. The request was put.

Mr. JOHNSON of Texas. That is correct; and I reserved the right to object, and spoke on the subject of the tables submitted by the Senator from South Dakota.

The PRESIDING OFFICER. The Chair understood the unanimous-consent request of the Senator from Illinois to be for 2 additional minutes. The Senator from Illinois stated that he had 1 minute remaining, and that he desired only 1 additional minute. The Chair put the request, which was agreed to. The Senator has 1 minute remaining. The Senate gave consent to grant an additional minute. The Senator used the additional minute which the Senate granted.

Mr. DIRKSEN. Mr. President, I think the Chair is in error. First of all, I yielded 1 minute to the distinguished Senator from South Dakota [Mr. CASE].

Mr. JOHNSON of Texas. Mr. President——

Mr. DIRKSEN. I have 1 minute left. I ask unanimous consent that the majority leader may have an additional minute.

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

Mr. DIRKSEN. Mr. President, I understand I have 1 minute.

The PRESIDING OFFICER. The Senator from Illinois has 1 minute.

Mr. DIRKSEN. A very distinguished member of another legislative body—and I must be careful not to transgress the rules—referred to the 1960 budget as a spenders' budget. He is a member of the Democratic Party.

A very distinguished legislator of another body—and incidentally, he comes from the greatest unfrozen State in the Union, the great State of Texas—stated that the GOP budget is a "booby trap." I believe our distinguished majority leader referred to it as a propaganda budget. Adjectives are not going to change it.

I stand on the observations I made. We want to see what the whole picture is, not merely what comes in the form of a letter from the Appropriations Committee. I will stand on that observation too, any time, anywhere.

I did not hear whether my request was granted to include in my remarks certain figures to be obtained from the Budget Bureau with respect to the whole picture.

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

Mr. DIRKSEN. I thank the Chair.

I now yield to the distinguished majority leader.

Mr. JOHNSON of Texas. Mr. President, with respect to the table which the Senator requested to have printed in the RECORD, has that request been acted upon? I assume it has.

The PRESIDING OFFICER. The assumption is correct.

Mr. JOHNSON of Texas. Mr. President, I shall take 10 seconds to say that I know of nothing I can do to control expenditures except to reduce appropriations. The President determines what is to be spent and what is to be impounded. However, we did reduce appropriations, and that is a record of which all of us should be proud.

Mr. RANDOLPH. Mr. President, will the distinguished majority leader yield?

Mr. JOHNSON of Texas. I yield to the Senator from West Virginia.

Mr. RANDOLPH. Mark Twain once said, in a New Year's resolution, "I am going to live within my income this year, even if I have to borrow money to do it." [Laughter.]

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. Has all time been used on the amendment?

The PRESIDING OFFICER. All time has expired.

Mr. JOHNSON of Texas. May the amendment be stated?

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed to strike out section 305 and insert the following:

SEC. 305. (a) Section 103(a) of the Housing Act of 1949 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 66⅔ per centum for the period prior to July 1, 1960; 60 per centum for the period between July 1, 1960, and June 30, 1961, inclusive; 55 per centum for the period between July 1, 1961, and June 30, 1962, 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) The first sentence of section 103(b) of such Act is amended by striking out all before the proviso and inserting in lieu thereof the following: "The Administrator, on and after July 1, 1949, may, with the approval of the President, contract to make capital grants with respect to projects assisted under this title aggregating not to exceed $1,650 million, which limit shall be increased by $250 million on July 1 in each of the years 1959, 1960, 1961, 1962, 1963, and 1964:".

(c) 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 projects 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)."

(d) The proviso in the first sentence of section 110(e) of such Act is hereby amended by striking out "second sentence" and inserting in lieu thereof "third sentence".

The PRESIDING OFFICER. All time for debate has expired. 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 Nevada [Mr. BIBLE] and the Senator from Montana [Mr. MURRAY] are absent on official business.

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

On this vote, the Senator from Nevada [Mr. BIBLE] is paired with the Senator from Arizona [Mr. GOLDWATER]. If present and voting, the Senator from Nevada would vote "nay," and the Senator from Arizona would vote "yea."

On this vote, the Senator from Oregon [Mr. NEUBERGER] is paired with the Senator from New Hampshire [Mr. BRIDGES]. If present and voting, the Senator from Oregon would vote "nay," and the Senator from New Hampshire would vote "yea."

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

The Senator from New Hampshire [Mr. BRIDGES] is absent in the State to attend the funeral of a friend.

The Senator from California [Mr. KUCHEL] is necessarily absent.

The Senator from Iowa [Mr. MARTIN] and the Senator from Arizona [Mr. GOLDWATER] are detained on official business.

The Senator from New Hampshire [Mr. BRIDGES] is paired with the Senator from Oregon [Mr. NEUBERGER]. If present and voting, the Senator from New Hampshire would vote "yea" and the Senator from Oregon would vote "nay."

On this vote, the Senator from Arizona [Mr. GOLDWATER] is paired with the Senator from Nevada [Mr. BIBLE]. If present and voting, the Senator from Arizona would vote "yea," and the Senator from Nevada would vote "nay."

The result was announced—yeas 34, nays 58, as follows:

YEAS—34

Allott	Capehart	Curtis
Bennett	Carlson	Dirksen
Bush	Case, S. Dak.	Dworshak
Butler	Cooper	Eastland
Byrd, Va.	Cotton	Ervin

Frear	Morton	Stennis
Hickenlooper	Mundt	Talmadge
Holland	Prouty	Thurmond
Hruska	Robertson	Williams, Del.
Jordan	Russell	Young, N. Dak.
Lausche	Schoeppel	
McClellan	Smathers	

NAYS—56

Aiken	Hartke	McNamara
Anderson	Hayden	Monroney
Bartlett	Hennings	Morse
Byrd, W. Va.	Hill	Moss
Cannon	Humphrey	Muskie
Carroll	Jackson	O'Mahoney
Case, N.J.	Javits	Pastore
Chavez	Johnson, Tex.	Proxmire
Church	Johnston, S.C.	Randolph
Clark	Keating	Saltonstall
Dodd	Kefauver	Scott
Douglas	Kennedy	Smith
Ellender	Kerr	Sparkman
Engle	Langer	Symington
Fulbright	Long	Wiley
Gore	Magnuson	Williams, N.J.
Green	Mansfield	Yarborough
Gruening	McCarthy	Young, Ohio
Hart	McGee	

NOT VOTING—8

Beall	Goldwater	Murray
Bible	Kuchel	Neuberger
Bridges	Martin	

So Mr. CAPEHART'S amendment, as modified, was rejected.

Mr. MANSFIELD. Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

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

The motion to lay on the table was agreed to.

Mr. JOHNSON of Texas. Mr. President, the Senator from Oregon [Mr. MORSE] has at the desk an amendment, which has been printed several days, which would strike from the bill the $125 million guarantee of college housing funds. The bill also contains an authorization for $400 million for college housing.

I send to the desk an amendment which would reduce the $400 million to $300 million and would eliminate the $125 million guarantee fund. The amendment is intended to be proposed by the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Alabama [Mr. SPARKMAN], the Senator from Oregon [Mr. MORSE], the Senator from Indiana [Mr. CAPEHART], and myself.

I ask that the amendment not be read, but that it be printed at this point in the RECORD.

The PRESIDING OFFICER. Without objection, the amendment will be printed.

The amendment is as follows:

On page 130, line 19, strike out "$1,325,000,000" and insert in lieu thereof "$1,225,000,000".

On page 130, line 21, strike out "$150,000,000" and insert in lieu thereof "$137,500,000".

On page 130, line 24, strike out "$75,000,000" and insert in lieu thereof "$62,500,000".

Strike out the matter that appears beginning on line 9, page 132, through line 10, page 135.

On page 137, strike out lines 7 and 8.

On page 137, line 9, strike out "(9)" and insert in lieu thereof "(8)".

On page 138, line 6, after the semicolon, insert "and".

On page 138, line 7, strike out "(10)" and insert in lieu thereof "(9)".

On page 138, strike out lines 10 through 13.

Mr. JOHNSON of Texas. Mr. President, the amendment strikes from the bill the $125 million college guarantee fund, as the Morse amendment does, and reduces the college housing fund from $400 million to $300 million.

It is proposed to discuss the amendment in detail later.

Mr. President, I ask unanimous consent that the Senator from Ohio, who has waited a long time this morning, be recognized for 5 minutes to address the Senate on a very important matter.

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

DESTRUCTION OF AMERICAN TRANSPORT PLANE IN SOVIET RUSSIA

Mr. LAUSCHE. Mr. President, at 1 o'clock p.m. today, the State Department issued a release throwing some light upon the circumstances which attended the finding of an American transport plane on the territory of Soviet Russia. Seventeen American boys were in that plane, which was destroyed on Russian territory last September 2.

Inquiry was made about the circumstances which brought that plane down. No satisfactory answer was given by the Soviet Government.

Six bodies were alleged to have been found. Those six bodies were turned over to the U.S. Government. The other 11 have remained unaccounted for.

Our State Department alleged that the plane had been shot down. The Soviet Government denied the allegation. About 2 weeks ago, Mikoyan attended a luncheon sponsored by the Committee on Foreign Relations. It was a courtesy luncheon. I asked Mikoyan at that meeting to explain the mystery surrounding the situation and to describe what had happened on the part of the Soviets. I asked Mikoyan where the other 11 men were.

Mikoyan said, "There is no mystery. Your plane was found upon our territory. There were six boys in it. And we turned those boys over."

I said to him, "Where are the other 11?"

His answer to me was, "You have no faith in us."

I then said to him, "It is not a matter of faith."

He answered, "Hereafter, if your Government will tell us when your planes will be over our territory, how many persons are in the planes, and what the mission is, such a thing will not happen."

I was jarred by what he said, jarred to the point where I did not think quickly enough to ask another question. I should have asked him, "What relationship was there between the finding of the missing plane on your territory and our failure to tell you that the plane would be over Soviet territory?"

That was the end of that conversation.

Mr. President, some very shocking information has been disclosed today. Our Government asked the Ambassador of the Soviets to listen to a transcribed tape showing the conversations between the Russian pilots who were chasing the American plane, and who finally shot it down. The Russian Ambassador said he would not want to interpret the recording on the tape.

Well, that recording is now available, and I shall read some of what it says. Two Russian planes were in the air, and the two Russian pilots were talking to each other. I shall read now a translation of part of the transcript of the tape-recorded radio conversation between those Soviet fighter pilots who participated in the attack on our C–130 plane on September 2, 1958:

I am at maximum speed
Roger.
What is yours?
Three thousand.
I read you excellently.
Five hundred and eighty-three, I read excellently.
I read 18 excellently.
Understood altitude 100.
Understood.
In the northwest, about seven balls here.
Very poor, almost none.

Then the talk goes on.

Finally there is the following:

I am climbing, I am 201, I am climbing.
Roger.
Roger * * * 582.
I am looking.
To the south there is, 2–3 balls.
Five hundred and eighty-two, I see the target, to the right.
I see the target, a large one.
Its altitude is 100, as you said.
I am 201, I see the target, attack!
I am 201, I am attacking the target.
You are understood.
I am attacking the target.
Stand by.
The target is a large one.
Roger.
Attack, attack, 218 attack.
Stand by.
Five hundred and eighty-two * * *
The target is a transport, four-engined.
Roger.
Roger.
Two hundred and one, I am attacking the target.
Target speed is 300. I am going along with it. It is turning toward the fence.
The target is burning.
There's a hit.
The target is burning, 582.
The target is banking.
It is going toward the fence.
Open fire.
Two hundred and eighteen, are you attacking?
Yes, yes.
The target is burning.
The tail assembly is falling off the target.
Eighty-two, do you see me? I am in front of the target.
Look.
Oh?
Look at him, he will not get away, he is already falling.
Yes, he is falling; I will finish him off, boys, I will finish him off on the run.
The target has lost control, it is going down.
Now the target will fall * * *
Eighty-two, a little to the right.
The target has turned over * * *
The target is falling * * *
Eighty-two. I see, I am watching the target, I see.
Aha, you see, it is falling.
Yes * * * form up, go home.
After my third pass, the target started burning.

Mr. President, when it is argued, "Take the word of the Soviets and believe that they are moving in a conciliatory way toward the achievement of peace," I say

to my colleagues, "Be a bit doubtful about it."

The PRESIDING OFFICER (Mr. KENNEDY in the chair). The time yielded to the Senator from Ohio has expired.

HOUSING ACT OF 1959

The Senate resumed 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. JOHNSON of Texas. Mr. President, I ask unanimous consent that the name of the distinguished minority leader [Mr. DIRKSEN] be added to the amendment at the desk, as a cosponsor; it is the amendment which reduces by a total of $225 billion the amount of the bill. I also ask unanimous consent that the name of the distinguished Senator from Kentucky [Mr. COOPER], who yesterday and last evening urged this course upon us, also be included as a cosponsor.

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

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a statement by the author of the $125 million amendment, the guaranteed housing amendment, the Senator from Oregon [Mr. MORSE], which he prepared in support of his amendment, which is included in the pending amendment.

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

STATEMENT BY SENATOR MORSE

Mr. President, last night I introduced an amendment, No. 2-4-59—B. The amendment strikes from the committee bill the section guaranteeing loans from private lenders for academic facilities.

I am proud to have been a cosponsor of S. 3713 introduced in the 85th Congress by the Senator from Pennsylvania [Mr. CLARK] authorizing direct loans to educational institutions for academic facilities, as well as housing. It will be recalled that, due largely to the energetic work of the Senator from Pennsylvania, much of that bill was incorporated into the housing bill passed by the Senate late in the last session. I was very pleased at the time that the Senate took that action.

Now, in the pending bill, part of the loan funds for that program are again included. The Administrator of the Housing Act of 1950 is authorized in the bill to make direct loans to educational institutions for the construction of new, or the rehabilitation of existing, classrooms, laboratories, and related academic facilities. One hundred and twenty-five million dollars is made available for these direct loans; the rate of interest is the same as that for college housing loans, which is currently 2⅞ percent.

Let me say that in my opinion the only improvements that might be made on that provision would be to make the funds available as grants, rather than loans and increase the amount. But lending money at low interest rates to our institutions of higher education for badly needed classroom facilities is the next best thing. It is an excellent investment.

Our experience with the college housing loan program has been so successful that Congress should have no hesitation in expanding it to other facilities. I know the institutions are somewhat reluctant to press a loan program for classrooms and libraries because they have no revenue from such facilities to pledge against the loan, as they do in the case of dormitories.

But I do not have any fears on that count. Our colleges and universities pay thir debts. The Government has gotten back its money from the college housing program. The statement was made in the hearings that there has not been a single default in the housing loan program.

I know of no reason to doubt that this superb record would also extend to loans for other academic construction.

Having expressed my support for expanding the direct loan program to include academic facilities, let me now turn to the guarantee section.

The administration has responded to the urgent need for classrooms in our colleges and universities in typical fashion; it has said: "Go to lending institutions and pay the rate of interest they fix, and the Government will guarantee the loan."

I submit that reply is only an evasion; it does nothing at all to help the institutions. Their records are such that if they can find a private lender at all, they will repay the loan. The interest rate will be higher, of course, and private loan money for classroom facilities may be hard to find, but if they are able to swing such a loan, the Federal guarantee won't mean a thing. It appears to me that the administration is offering a form and no substance, and I see no reason to retain it in the bill.

I call the attention of my colleagues to the statement of Hurst R. Anderson, president of American University. Dr. Anderson appeared on behalf of the American Council on Education which represents 139 educational organizations and 1,032 institutions. Dr. Anderson states that his presentation also has the approval of the American Association of Land-Grant Colleges and State Universities, the Association of American Colleges, and the Association for Higher Education of the National Education Association.

He says on page 474 of the printed hearings:

"The proposed $100 million authorization to guarantee the taxable obligations of private institutions is merely an idle gesture. Since there has never been a default by a college or university on a housing loan from any source in the entire history of American higher education, a Federal guarantee is known to be unnecessary, and would have, so far as we can determine, no effect toward lowering the interest charged by private lenders.

"The only justification for this authorization is that it would tend to reduce the risk, and since there isn't any real risk, we cannot see how it could be reduced by the authorization of this $100 million item."

Although the amount now in the bill differs somewhat from the figure upon which Dr. Anderson was testifying, his conclusions are still applicable.

I say to those in the administration whose concern for the budget is solely for its total cost and not for its value, here is a way to cut $125 million from the total authorization in this housing bill. It is only a paper reduction, of course, but it was only a paper increase, too. The provision would not help the institutions; it does not make money available to them. It only lists a figure of $125 million in private loans it will guarantee; it is not $125 million which the taxpayers would be putting up. There is nothing in the hearings in support of it; it is only mentioned as being an idle gesture by the very people affected by it.

Let us rid this bill of figures that are only used by the administration to support its cry of excessive spending on the part of the Democratic Congress. We have heard a lot here about the need for economy and cutting down the total of this housing bill. So let us stick to meaningful provisions. The housing needs of the American people, and the financial needs of our educational facilities are serious, and deserve to be met with legislation that will help alleviate them. The section I seek to strike from the bill does not meet that test. It only serves to inflate the total. Therefore, I move the adoption of my amendment.

Mr. JOHNSON of Texas. Mr. President, I understand there is no desire to have the yeas and nays taken on the question of agreeing to this amendment; and I understand that the amendment is acceptable.

If we can now vote on the amendment, we then can call up another amendment; and then some of us can go to lunch.

Mr. LONG. I did not hear the request.

Mr. JOHNSON of Texas. I have asked that we be allowed to vote on the amendment which calls for a reduction to the extent of a total of $225 million, and then we can call up another amendment.

Mr. LONG. The distinguished Senator is not proposing that some of us be prevented from speaking on the amendment, is he?

Mr. JOHNSON of Texas. Oh, no.

Mr. DIRKSEN. Mr. President, some time is still available to this side; and before the vote is taken, I yield myself 1 minute.

The PRESIDING OFFICER. The Senator from Illinois is recognized for 1 minute.

Mr. DIRKSEN. Mr. President, no request has been made for a yea-and-nay vote on the amendment.

At this time I wish to make my own position clear: This amendment goes in the proper direction, but in my judgment it does not go far enough.

However, when one is offered half a loaf, although he is looking for a full loaf, obviously he will not turn down half a loaf of bread. Nevertheless, the amendment will not make any change in my determination to vote against the bill basically, as it now stands.

I do commend the majority leader for undertaking to improve the bill. It has been improved very materially by the amendment adopted on yesterday—I refer to the amendment on direct loans; and it is about to be improved further by the pending amendment. But I still insist that it does not go far enough.

So, Mr. President, although I am glad to cosponsor the amendment because it is beneficial up to a limited point, I still reserve the right to vote against the bill.

Mr. JOHNSON of Texas. Mr. President, I yield myself 1 minute.

The PRESIDING OFFICER. The Senator from Texas is recognized for 1 minute.

Mr. JOHNSON of Texas. Mr. President, in order that the record may be clear regarding the impact of this housing bill, as amended by the committee, and as amended by the Senate, I call attention to the administration's estimate of budget expenditures for the fiscal year 1960, under Senate bill 57, as amended, and under the administration's proposal. These figures show that

Senate bill 57 will call for expenditures amounting to $135,700,000 more than the administration's proposals. One hundred million of this increase is for direct home loans to veterans in small towns and rural areas. That money may not be used. So I wish to make this point: If the bill in its present form is passed, following adoption of the amendment which now is at the desk, the bill will contain, for next year's budget, $135 million more authorizations than those contained in the administration's bill. Of those $135 million, $100 million is for direct loans to veterans, which the administration says they will not need, anyway, because the higher interest rate will make it unnecessary. If that contention is correct, and if we do not need to use the $100 million, then there will be a difference of $35 million between the two.

Mr. President, when we can get the spenders and the savers that close together, with a difference of only $35 million between their positions, in the case of one of the most important domestic measures the Congress ever will handle, I think we have done a reasonably good job.

Mr. CAPEHART. Mr. President, will the Senator from Texas yield to me?

Mr. JOHNSON of Texas. I yield.

Mr. CAPEHART. My figures show a difference of $140 million; but I shall not argue about that.

Mr. JOHNSON of Texas. It is $140,300,000, under Senate bill 57; and the administration has $4,600,000 to be subtracted from it; and that leaves $135,700,000.

Mr. President, I ask unanimous consent to have the official figures printed at this point in the RECORD.

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

Budget expenditures for 1960 fiscal year (after college housing and direct-loan amendments)

[In millions]

	Administration	S. 57
Grants:		
Urban renewal grants		
Public housing		
Relocation payments		3.2
Urban planning (701)	1.0	1.1
Scholarships grants		.5
Defense hospital grants		2.5
Loans:		
Urban renewal planning	3.6	7.0
Public housing planning		21.0
College housing:		
Dormitories		
Classrooms		5.0
VA direct loans		100.0
Total	4.6	140.3

Mr. CAPEHART. Mr. President, I wish to substantiate what the able majority leader has just now stated: If the bill, as it has been amended up to this point, is passed, and if no further additions are made to it, and if the $150 million is loaned to veterans, the difference between what the Senate will have passed and what the administration originally requested will be $135 million. If the $150 million is not used in direct loans, and it may not be used, and let us hope it will not be necessary to use it, it would make a difference of only $35 million to $40 million.

Mr. JOHNSON of Texas. If the $150 million is not used, the difference would be $35.7 million.

Mr. CAPEHART. In all fairness I think we ought to say that for the benefit of the President, the benefit of the press, and the benefit of the record.

Mr. JOHNSON of Texas. We cannot arrive at a difference to the dollar between the proposals of each other, when we take a bill of this scope and magnitude and consider it thoroughly, as the chairman of the subcommittee [Mr. SPARKMAN] and as the ranking minority member [Mr. CAPEHART] and as the chairman of the full committee [Mr. FULBRIGHT] did, and bring the bill to the floor and adopt amendments, as we have, in a give-and-take attitude, an attitude of reasonableness and of meeting each other halfway.

Many times I have resolved my doubts in favor of the administration that resulted in considerably more expense than $35 million. We may have to do it later on in the year.

I hope the amendment will be adopted, as the Senator from Indiana has so well said—and I think he has said many things well. We have found ourselves so much in agreement that I hope we can pass the bill before disagreement develops. But if the bill is passed we shall have a bill which, in the language of the Senator from South Dakota [Mr. CASE], is substantially the same as the administration's recommendations.

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

Mr. JOHNSON of Texas. Yes.

Mr. DIRKSEN. I think we are dealing with assumptions when we make money available and then say it will not be spent. Secondly, there is no emphasis on the fact that the bill goes beyond 1960——

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

Mr. DIRKSEN. Yes.

Mr. JOHNSON of Texas. I am not making that assumption. I think we need direct loans for veterans. I am not going to vote against veterans in the rural areas. I think, however, that the administration has contended—and I ask the chairman of the subcommittee to correct me if I am not correct—that with the increase in interest rates provided, it will not be necessary to use the money. That is the administration's and our President's contention. Is that correct?

Mr. SPARKMAN. That was the argument against the $150 million.

Mr. JOHNSON of Texas. I am not going to assume that will happen. I think there has to be a fund available to show that if veterans are made to pay through the nose, the Government will lend them the money. The administration assumes it will not be necessary to use the money. It is the assumption of the administration of the Senator from Illinois, not ours. If the assumption is correct, there will be a difference of only $35 million.

Mr. DIRKSEN. That is not the whole story, if the majority will allow me to proceed. I still contend it is an assumption, because what has been sought has been an opportunity to make the processing and procedural facilities available so the loans can be handled virtually on an FHA basis, and so the credit can go into remote and inaccessible areas.

Secondly, there has been no emphasis of the fact that this program will continue for a course of years. We are authorizing money for future years. That becomes a consideration for the administration.

Finally, it is said we get together within $35 or $40 million——

Mr. JOHNSON of Texas. For next year. I want to make it abundantly clear that I am talking about the next year's budget. I grant that over the years much more is involved. I do not want to mislead the Senator.

Mr. DIRKSEN. Yes; but $35 million is $35 million; and $40 million is $40 million. Even though we have gotten into the habit of dealing with billions, it is still a lot of money, which has to come from the taxpayer. It still constitutes a hole in the budget, which was submitted in the hope that its main lines could be observed, so when the record was finally closed there would be a balanced budget.

I close on this one note. I think sometimes of the story of the young lady who said to a very attractive young man, "I will marry you if you save $1,000." But all her associates were getting married, and she was getting eager. One day she said, "How much did you save?" He said, "$35." She said, "That's enough." [Laughter.]

What is provided may be enough, but in my book it is not enough. While others may disagree, that represents my viewpoint. I must assume my statement is correct, because I think it is consonant with the administration's viewpoint.

Mr. JOHNSON of Texas. I commend the Senator from Indiana for his contributions. I make no prediction about what the outcome will be as to action on the pending bill, but I remind the Senator from Indiana of the somewhat inconsistent positions in which some persons may find themselves. The administration wanted to take the lid off FHA. It wanted the sky to be the limit. The administration said, "Let us have no limit."

We have retained the ceiling on FHA. We have said that Congress must act again when the Government has used up the present authority. We have said authorizations must be obtained from Congress.

Some have been talking about getting every pound of flesh. The administration wanted to take the ceiling off so there would be no limitation. I want the record to show that. So far as I am concerned, I am going to take the responsibility to provide moneys for veterans' housing if moneylenders will not lend veterans money in this era of high interest rates, when municipal bonds which are tax exempt are selling so they give a return of 4 percent, which gives some people the equivalent of 10, or 12, or 15 percent return; when almost one-tenth of our budget goes to the

moneylenders as interest on the debt. I want to point out that the request for FHA which came from this administration had no limit at all—the sky was the limit on FHA.

If it is irresponsibility to provide these funds when we are going to put above our door a welcome sign to the moneylender to lend money to provide a roof over the heads of the veterans who carried Old Glory to the four corners of the globe and brought it back without a stain; and when we are going to let the moneylenders charge 5¼ percent interest, in an effort to induce them to provide roofs over the heads of the men who fought for the moneylenders; then there is a simple answer—if the moneylenders lend them the money, we will not touch these funds.

The administration says it is sure they will lend them the money. I do not know that the administration can speak for the moneylenders. If the money is not loaned, it will not be used. If it is not, I am willing to take the responsibility for saying, "We are going to take some money and lend it to veterans in rural areas where they have a difficult housing problem."

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

Mr. JOHNSON of Texas. I yield.

Mr. CAPEHART. I want to get the record straight.

Mr. JOHNSON of Texas. I hope the record is straight, and if not, that the Senator will correct it.

Mr. CAPEHART. The majority leader said the lid was being taken off. I am sure he meant that applies only to FHA regular mortgages on homes where the Government——

Mr. JOHNSON of Texas. Will the record not show that I said that?

Mr. CAPEHART. I am not sure.

Mr. JOHNSON of Texas. I will stand on the record. I think I said it.

Mr. CAPEHART. It was on insured mortgages, where a fee of one-half of 1 percent is paid, and the FHA now has a reserve fund of about $800 million.

Those are the kinds of mortgages, of course, which will never cost the U.S. Treasury a nickel unless the people default upon them. If there is a default, the property is taken over for resale. Up to this time, I think the record shows the Government has made money on that operation. And I know that is exactly what the able Senator believes.

Mr. JOHNSON of Texas. I think it has. It is a good program. However, this is a contingent liability. We prudent fellows have to keep in mind all contingent liabilities. If we should have a depression, and if things should go into a tailspin, we could wind up with a headache. But that has not been true yet. I think this is a good program.

I still want the record to show that it was the Congress which insisted on a limitation and a recheck by other Congresses when this amount is used up, and this administration said, "the sky is the limit so far as the FHA is concerned." I want the people of the country to understand that.

I hope we can act on this amendment and can reduce this amount. I believe the Senator from Indiana has publicly stated he does not think the fund for direct loans to veterans will have to be used if we raise the interest rate.

Mr. CAPEHART. I do not think it will be used, because we do have some money in that fund. It is a revolving fund.

Mr. JOHNSON of Texas. We think it might be used, if we put it there. That is the difference. If the Senator from Indiana is prophetic, as he could be, then there would be only a $35 million difference.

Mr. DIRKSEN. Mr. President, will the Senator yield for a very brief observation?

Mr. JOHNSON of Texas. I yield to my delightful friend from Illinois.

Mr. DIRKSEN. The majority leader is correct. The Senator did emphasize the fact that he was talking about FHA loans. To make it abundantly clear to the 38,000 people who receive the CONGRESSIONAL RECORD, that is private money. With respect to private money one talks about interest rates in order to coax the money out.

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

Mr. DIRKSEN. Yes.

Mr. JOHNSON of Texas. Private money.

Mr. DIRKSEN. Yes.

Mr. JOHNSON of Texas. Guaranteed by Uncle Sam.

Mr. DIRKSEN. Yes.

Mr. JOHNSON of Texas. That does make a difference.

Mr. DIRKSEN. It is private money, Mr. President. When one talks about interest rates it makes me think about the very eloquent observations made by the majority leader when the session started, when he talked about this dynamic country. Money is dynamic. It is the accumulation of thrift. That is the way one gets capital. Money becomes a commodity in the market and it keeps abreast of whatever the economy calls for.

If one talks about putting on ceilings, then one reverts to a static economy. Whether there is a lid on it or not does not make much difference so long as the money is poured into useful and constructive channels.

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

Mr. DIRKSEN. I yield.

Mr. JOHNSON of Texas. Does the Senator realize we have been forced to put a lid on interest rates?

Mr. DIRKSEN. Definitely so.

Mr. JOHNSON of Texas. Surely. Mr. President, we are approaching that ceiling, I will say. Some of our Government securities are selling at pretty high prices now.

Mr. SPARKMAN. The veterans' rates are 4¾ percent.

Mr. JOHNSON of Texas. I am talking about borrowing. The Secretary of the Treasury is limited to 4¼ percent, and we are now just about to the limit. Some securities are bringing about 4 percent.

I caution our friends that in this day of high interest rates we already are at 4 percent, and the lid is on at 4¼ percent. I do not know whether we are going to have that lid lifted very easily.

Mr. DIRKSEN. Mr. President, will the majority leader yield further?

Mr. JOHNSON of Texas. I yield.

Mr. DIRKSEN. I remember vividly the discussion on this floor last year when the ceilings on interest rates were contrived and contemplated on the floor. The walls of Rome almost shook and fell with the oratory in the Senate Chamber, but the Democrat Party is presenting the increase in interest rates. The walls of Rome have not fallen yet. The housing starts reached a yearly rate of 1.4 million.

I do not think there is need to prolong the discussion further. I think the administration's record is quite good on this point.

SEVERAL SENATORS. Vote! Vote!

Mr. JOHNSON of Texas. Mr. President, I thank my able friend from Illinois for his contribution.

I now yield to the distinguished chairman of the subcommittee, who is responsible for the construction of more houses than any man in this Chamber I know of. I commend the Senator for the valiant efforts he has made through the years to bring housing to all the people.

Mr. SPARKMAN. Mr. President, I appreciate the majority leader's yielding to me, and I also appreciate his kind remarks.

Mr. President, I am hopeful the Senator from Illinois, who just stepped out of the Chamber, will return.

Mr. JOHNSON of Texas. Mr. President, may we have a vote on the amendment?

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Texas on behalf of himself and other Senators.

The amendment was agreed to.

Mr. JOHNSON of Texas. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

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

The motion to lay on the table was agreed to.

Mr. JOHNSON of Texas. Mr. President, I thank my friend.

Mr. SPARKMAN and Mr. CLARK addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Alabama.

Mr. SPARKMAN. Mr. President, I asked the distinguished minority leader, the Senator from Illinois [Mr. DIRKSEN] to come back to the Chamber for just a moment, and I shall not detain him long.

On Wednesday there was a brief colloquy between the distinguished Senator from Illinois and me with reference to the revolving fund of the veterans' direct loan program. The Senator at that time said he wished that I would document the case. I will do that by referring to the CONGRESSIONAL RECORD for April 9, 1951. At that time there was under discussion the proposition of extending the direct loan program which had been written into the law the year before. We included in the program for the first time the revolving principle. The Senator from Illinois at that time said:

I think the amendment establishes a good principle which will be useful in other days.

Some years ago I introduced a bill—and I trust I shall find time to reintroduce it—to compel nearly every lending agency of the Government to make the paper it holds available to anyone who wishes to buy it if he will buy it on terms of par, meaning the unpaid balance plus the accrued interest. Had we had that kind of provision years ago, the Rural Electrification Administration, the Farm Security Administration, and the RFC could have sold whatever paper they had and could have accumulated a revolving fund. Thus, not so much lending power by way of appropriations out of the Federal Treasury would have had to be provided.

If there are servicing institutions that are willing to buy such paper at par, it should be offered for sale at stated periods.

So, Mr. President, I subscribe to the general principle which has been announced here, and I hope we can carry it through.

That is the program which set this up on a revolving basis, and which has continued on through the years and will continue on through other years. I remember quite well I welcomed the endorsement of the program at that time by the Senator from Illinois. I remembered it quite clearly when I referred to it on Wednesday. I am glad to recall it to the Senator's recollection.

Mr. DIRKSEN. Does the Senator from Alabama have the floor?

Mr. SPARKMAN. Yes. I wish to make a few more remarks.

Mr. DIRKSEN. Will the Senator from Alabama yield to me?

Mr. SPARKMAN. I yield to the Senator from Illinois.

Mr. DIRKSEN. I can readily appreciate that sometimes the RECORD can rise to haunt one, but I am afraid that the RECORD which my good friend cites today deals with an entirely different matter.

I have a vivid recollection of a proposal which I introduced in the House to compel every Government agency to sell the mortgages in its portfolio. In those early days that included the Home Owners Loan Corporation, the Farmers Home Administration, and other agencies. The object was to compel the agencies to sell the mortgages in their portfolios in order that private buyers who wanted to buy them could do so, and bail the Government out of its indebted position.

That is quite a different thing from what is involved at the present time with respect to direct loans, only because the facilities heretofore were not available. Now it is proposed to continue down the road and make the Treasury a bank for direct lending. That is quite a different thing.

Mr. SPARKMAN. If I may refresh the Senator's recollection, this is what I said on Wednesday:

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.

My only purpose is not to criticize the Senator from Illinois, but to do what he asked me to do, namely, document the record. I remembered the record quite clearly. I certainly am not critical of what the Senator said then, or what he says now with reference to the revolving fund.

The revolving fund for the VA direct loan program was established in 1951. The program has come down through the years under the revolving fund, with the automatic appropriation which comes to it each year. The direct loan program is a good program.

Mr. DIRKSEN. I believe the distinguished Senator from Alabama got hold of the wrong record, because it has no bearing on the point before us.

Mr. SPARKMAN. I wish the Senator from Illinois would read what I said on Wednesday when I referred to the fact that he approved the revolving fund. The Senator from Illinois told me to document the record. Here is the record. On April 9, 1951, the amendment which was under consideration was the revolving fund, and the extension of the program, which the Senator from Illinois approved.

Mr. DIRKSEN. The point at issue in the remarks of the Senator from Illinois 8 years ago was in connection with an entirely different subject.

Mr. SPARKMAN. The direct loan program which the Senator is criticizing is still operating under the revolving fund, which the Senator from Illinois approved back in 1951. I repeat, it is a good program.

Mr. President, I should like to say one word with reference to the amendment on college housing on which action was just taken, because I think it is important for us to keep certain things in mind.

The reduction in the college housing provision is from $400 million to $300 million. It has been indicated that that leaves us still in excess of the administration's proposal.

Mr. President, we do not know whether it does or not, because it happens to be one of the programs with respect to which the administration has not yet given us its full proposal. The administration proposes, for the remainder of the fiscal year 1959, $200 milion, and proposes to come forward later with an additional request. We do not know whether that request will be $200 million more, the same as was proposed in 1959, or what it may be.

With respect to the $125 million loan guarantee program, that was not my proposal. It came from the administration. The program was proposed by the administration last year. It is true that the administration did suggest the program this year, mainly because the agency has not brought forward its entire college housing program for this year. But that was the recommendation which was made to us last year. I do not remember what the figure was. I am inclined to think the administration proposed an appropriation of $250 million. Our committee cut that figure in half, and recommended $125 million. Now, on the floor of the Senate, we have eliminated the $125 million. I think it is well to keep the record clear as to where the various proposals come from, and what they amount to in dollar amounts.

Mr. PASTORE. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Rhode Island will be stated.

The LEGISLATIVE CLERK. On page 156, between lines 11 and 12, it is proposed to insert a new subsection, as follows:

(d) Section 406(c) of the Housing Act of 1956 is amended by striking out "3 years" in the first proviso and inserting in lieu thereof "5 years."

Mr. PASTORE. Mr. President, I understand that this amendment is acceptable to the distinguished chairman of the subcommittee. I believe it is noncontroversial and is acceptable to all. The purpose of the amendment is to extend for 2 years the time in which military personnel and civilian employees of the Navy may continue to occupy war housing project RI 5-3, formerly RI-37013, also known as the Tonomy Hill project, which is presently owned by the Housing Authority of Newport, R.I.

The Lanham Act, as amended, provided that all war housing projects constructed pursuant to that act should be disposed of as expeditiously as possible when the need for such projects terminated. The act further provided that these projects would be conveyed to local housing authorities for use as low-rent public housing.

In attempting to abide by the provisions of the Lanham Act, the Administrator of the HHFA in early 1956, commenced arrangements to convey the Tonomy Hill project to the Newport Housing Authority. The Department of the Navy, however, objected to such conveyance because 360 units of the project were occupied by naval personnel who would have been forced to vacate the project if it were conveyed for low-rent purposes.

In order to avoid working a hardship on the nava. personnel then occupying the project since other rental housing in Newport was in extremely short supply, the Housing Act of 1956 provided the Administrator with authority to convey the project to the local public agency for low-rent purposes, except the act further provided the Newport Housing Authority with the authority to reserve 360 units of the project for a 3-year period to house military personnel, regardless of their income.

The 3-year period provided in the Housing Act of 1956 will terminate on December 31, 1959.

I am advised that the military personnel and civilian employees of the Navy now occupying this project still require such quarters, and unless the date for occupancy is extended, these personnel will be evicted. I am further informed

that rental housing in Newport is still in short supply.

My amendment, therefore, would extend the time of occupancy of the 360 units by military personnel and civilian employees of the Navy for a period of 2 years.

It is my understanding that neither the Department of Defense nor the Housing and Home Finance Agency object to this extension. In addition, the extension has been requested by the Newport Housing Authority.

I have before me a telegram which I have received from William J. Donovan, executive secretary of the Housing Authority of the City of Newport, R.I. I ask unanimous consent to have it printed in the RECORD at this point as a part of my remarks.

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

NEWPORT, R.I., *February 4, 1959.*

Senator JOHN O. PASTORE,
Senate Office Building,
Washington, D.C.:

Section 406(c) of the Housing Act of 1956 provided for the transfer of housing project No. RI–37013 to our authority and also for the transfer of two projects to the Philadelphia, Pa., authority. This section provided for priority for military personnel for 3 years with respect to a specified number of dwelling units. Section 705 of the housing bill reported by the Committee on Banking and Currency and being considered by the Senate today provides for the extension of preference for military personnel for an additional 3 years insofar as the Philadelphia projects are concerned. Would you be kind enough to attempt to amend section 705 to provide for an extension of the preference for 3 years insofar as the Newport project is concerned. Admiral Cormmelon, base commander in Newport, and we are in agreement that this amendment is desirable.

With our best regards.

WM. J. DONOVAN,
Executive Secretary, the Housing Authority of the City of Newport, R.I.

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

Mr. PASTORE. I yield.

Mr. SPARKMAN. As I understand, the amendment would operate only with respect to one project.

Mr. PASTORE. It would operate with respect to only one project, concerning which an exemption was made at the time it was conveyed to the Housing Authority of Newport, R. I.

Mr. SPARKMAN. I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Rhode Island to the committee amendment.

The amendment to the amendment was agreed to.

Mr. SALTONSTALL. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Massachusetts will be stated.

The LEGISLATIVE CLERK. On page 117, between lines 19 and 20, it is proposed to insert the following:

(b) Such Act is further amended by inserting after the second sentence thereof a new sentence as follows: "The Administration is further authorized to make grants to State planning agencies for statewide comprehensive planning work including research and coordination activity directly related to urban needs."

On page 117, line 20, strike out "(b)" and insert in lieu thereof "(c)".

On page 117, between lines 21 and 22, insert a new subsection as follows:

(d) Such section is further amended by inserting "(a)" immediately following "Sec. 701", and by adding at the end thereof the following:

"(b) As used in this section the term 'comprehensive planning' means—

"(1) long range physical planning for all public facilities by the planning agency analyzing functional needs over a 20- to 30-year period based upon general planning data and future land use patterns integrated into an overall and composite plan;

"(2) long range fiscal planning by the planning agency and governmental fiscal authorities analyzing long range fiscal requirements, and preparing a fiscal program to meet the development costs;

"(3) capital improvement programing by the planning agency and governmental fiscal authorities to achieve a scheduling of improvement projects that comprise the first 5 to 6 years of the long range physical and fiscal plans based on a determination of relative urgencies;

"(4) integration and coordination of all functional plans of the interested governmental departments or subdivisions by the planning agency;

"(5) coordination of intergovernmental planned activities by the planning agency to achieve a reconciliation of planning activities among adjacent States, political subdivisions thereof, and authorized planning agencies; and

"(6) preparation of regulatory and administrative measures and programs in support of the foregoing. No grants made under this section shall be used to defray the costs of administration or enforcement of such measures or programs."

Mr. SALTONSTALL. Mr. President, I have discussed the amendment with the Senator from Alabama [Mr. SPARKMAN] and the Senator from Indiana [Mr. CAPEHART], and they have agreed to take it to conference.

Mr. SPARKMAN. Mr. President, the committee discussed the general subject of the amendment to a certain extent. I am not certain just what the net effect of the amendment might be; however, insofar as I am concerned, I will be happy to take it to conference.

Mr. SALTONSTALL. I thank the Senator from Alabama.

I ask unanimous consent, in order not to consume an undue amount of time, to have printed in the RECORD at this point as a part of my remarks a brief explanation of the amendment.

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

STATEMENT BY SENATOR SALTONSTALL IN EXPLANATION OF PROPOSED AMENDMENT

Section 701 of the Housing Act of 1954 as amended now contains authority for the Housing Administrator to make planning grants to State planning agencies to provide assistance for planning work to be done by small communities lacking adequate planning resources. It also provides authority for planning grants in metropolitan and regional areas, cities, and towns, and counties which have suffered damage due to various catastrophic acts of God, and areas threatened with urbanization due to the impact of Federal installations.

The section contains no authority for planning grants for statewide planning work. Furthermore, the section does not in any way advert to the desirability of the planning now provided for or any statewide planning to be coordinated with planning in adjacent States or political subdivisions thereof.

The proposed amendment to section 701 would make it possible for the Administrator to make planning grants to State planning agencies in support of comprehensive planning work and would define the term "comprehensive planning."

The purpose of the amendment is to stimulate the States to make statewide plans and to coordinate such plans and the plans of political subdivisions of the States with each other and with the planning of adjacent States and political subdivisions of such adjacent States. The amendment is premised on the belief that the needs of particular cities and towns and regions within a State can most efficiently and effectively be met if they are considered as part of the larger and related needs of the State. It also recognizes that there is frequently a relationship between such needs and those of adjacent areas outside the State.

If the comprehensive planning contemplated by the amendment is carried out it seems reasonable to expect that all such needs will be better provided for in programs which may be developed to meet them. An obvious example may be seen in the case of Washington, D.C., whose planning should certainly be coordinated with that of adjacent States.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Massachusetts to the committee amendment.

The amendment to the amendment was agreed to.

Mr. CLARK. Mr. President, the pending bill brings the 86th Congress face to face, for the first time, with the central issue in our public life. That central issue is whether we in the Congress, and the President too, will face up to the critical problems confronting our Nation and master them by bold action, or whether, through timidity and because of a reverence for obsolete pennypinching economic theory—a sort of fiscal folklore about the budget—we are going to pretend these problems do not exist or fail to deal with them.

Every Member of the Senate knows what these problems are. They are recognized, identified, admitted; but we have not yet faced up to mastering them.

One of these critical problems is housing for the American people. Our national goal was stated some 10 years ago in the Housing Act of 1949: "A decent home in a suitable living environment for every American family." We have made some progress towards that goal in the last 10 years, but not much. Estimates vary, but it is a fair statement that 10 million American families are presently living in homes which are either unsafe, unsanitary, or both. These are our slums—a national disgrace. Many of these slums are in rural areas, but a large majority of them are in the cities of America.

But we have other housing problems besides the slums. America's population is growing at an explosive rate.

New families are being formed daily. Old housing is steadily becoming uninhabitable or is being burned or is torn down. We would have a housing problem in America even if we had no slums.

Experts are in agreement that we need 2 million new housing units each year for the foreseeable future if we are to attain, within the lifetime of any of us in this Chamber, the goal set forth in the Housing Act of 1949: A decent home for every American family.

This bill takes a few short strides forward towards meeting that goal. It is a good bill and I shall support it on final passage; but it is not as good as it ought to be, and I hope the Senate will improve it as we move forward in the debate.

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

Mr. CLARK. I am happy to yield to my friend from Wisconsin.

Mr. PROXMIRE. I ask the Senator from Pennsylvania to tell the Senate who the authors of the Housing Act of 1949 were.

Mr. CLARK. Senator Wagner, Senator Taft, and Senator Ellender.

Mr. PROXMIRE. In the Senator's judgment, does the present bill, S. 57, carry out the objectives of the Housing Act of 1949?

Mr. CLARK. I would rather put it this way. It takes a few short strides in that direction. However, to my way of thinking it is inadequate. I have a feeling that perhaps the late distinguished Senator from Ohio, who is no longer with us, and who was one of the original authors of the bill, would find himself in agreement with me in my statement if he were here today.

Mr. PROXMIRE. It is interesting to me that the great Senator from Ohio, who was recognized widely as an outstanding conservative statesman——

Mr. CLARK. Not that our present Senators from Ohio are not also great and distinguished.

Mr. PROXMIRE. They are indeed.

Mr. CLARK. And one of them is also conservative.

Mr. PROXMIRE. Exactly. It is interesting to me that Senator Taft, who was recognized widely as Mr. Republican and as a conservative Republican, set forth the goal which has been only partly achieved, and the principle of which is only partly lived up to by the bill under consideration, and which is being attacked—it is almost inconceivable—by present day conservatives as radical and extravagant spending. It seems to me that this is an excellent example of reaction and moving backward; I do not like to use the term in a derogatory sense.

Mr. CLARK. It is an indication of political lag. I firmly believe that we politicians have lagged behind the American people in their desire to move forward in this regard. I thank my friend for his participation in the debate.

The tools utilized by this measure to help build more homes for Americans are:

First. Government guarantees of mortgages to enable speculative builders to construct and sell homes to middle- and upper-class Americans. Incident to this program are the operations of the Federal National Mortgage Association which helps provide a market for these guaranteed FHA and VA mortgages. These privately constructed housing developments, aided by Government guarantees, are being built largely in the suburbs and, to a lesser extent, in rural areas. The regular FHA program has only a minor impact in our core cities, so far as new housing is concerned.

Second. A comprehensive program for renewing and rehabilitating our cities. The objective of this urban renewal program is to clear the slums and replace them with sound wealth-producing housing built in a decent environment, adequately equipped with utilities, parks, and playgrounds. An important part of this program is the rehabilitation and renewal of existing structures which are on their way to becoming unsafe or unsanitary, and which can be saved as decent housing by the expenditure of a little private money.

Third. A program of public housing intended to provide safe and sanitary shelter for low-income families unable to afford decent private housing on either a rental or homeownership basis. Progress of the urban renewal slum clearance program has accelerated the need for public housing. So has the urban highway program. So has other governmental action which requires the relocation of low-income families. Since the urban renewal law prohibits slum clearance until families to be displaced can be rehoused in safe and sanitary shelter, failure to provide enough public housing units can kill the urban redevelopment program.

There is a clearly indicated need for additional rental and homeownership housing for moderate income families—those whose incomes are too high to make them eligible for public housing and too low to permit them to buy or rent private homes which are safe and sanitary. Extensive hearings conducted by the Housing Subcommittee of the Banking and Currency Committee during the last few years established these facts beyond any reasonable doubt. Yet the bill makes no adequate provision for meeting these needs.

Even in the relatively narrow field of relocating middle-income families displaced by governmental action, existing programs under section 221 of the present housing law have been of little value in that wide area east of the Mississippi and north of the Ohio and Mason-Dixon line, where most American families live.

Fourth. Decent shelter for the elderly. This bill does provide the first substantial program of housing for elderly persons. I hope it will work.

Fifth. Important provisions relating to college housing and classroom facilities, armed services housing, and various miscellaneous matters, with none of which I shall deal in this speech.

To meet the needs of these various groupings of American families and individuals the bill makes the following provisions:

First. An additional $10 billion of FHA mortgage insurance is authorized for the current fiscal year and for fiscal 1960. This additional insurance will permit private builders to continue to construct and sell housing for those American families whose annual income, in most urban localities, is $6,000 and over, and afford a new house built with an FHA guarantee. It is important to emphasize that, on the basis of all past experience, this insurance program will never cost the Federal Treasury one red cent. Even in the depths of the depression of the thirties the Home Owners Loan Corporation, a far more ambitious program in terms of the extent of Federal aid, was able to operate at a profit to the Treasury. So those who are concerned about the possibility of Federal expenditures in excess of budget requests need take no fear from this FHA program. In point of fact, the administration wanted to take the ceiling off entirely. There are no budgetary implications in this program.

I think that is worth a little emphasis. The administration is willing to take the roof right off FHA guarantees, the program used to build housing for upper-income families, and used to create new suburbs, but the administration is as pennypinching as old Scrooge in the Christmas carol when it comes to making any money available for public housing or for urban redevelopment.

The Senate has just approved, by a bipartisan agreement, an authorization of $150 million for direct loans for veterans' housing. This is necessary to enable those veterans who live in rural areas, removed from the normal channels of banking credit, to acquire homes on the same reasonable credit basis which is available for their colleagues in suburban areas. While this program does call for a temporary outlay of cash by the Treasury, past experience indicates that the loans are sound and will be repaid in due course with interest. I suggest that those who protest new Federal expenditures should distinguish between outright expenditures and loans which are repayable with interest—just as every businessman or every housewife or every well-run city, so distinguishes. In other words, they should relax and support this program. In the end, it will cost the Government nothing. It increases the capital wealth of America and, in so doing, brings additional revenue to the Federal Treasury through the income taxes on those who build and sell and finance the housing.

Second. In the field of urban renewal the bill calls for the authorization of what are designated as grant reservations of $350 million a year for 6 years, with an authorization to the President to increase this sum in any one year to $500 million by borrowing from the authorization for future years if he finds it necessary to carry out the objectives of the program. Thus a 6-year program might conceivably be telescoped into a little more than 4 years.

I suggest, however, that it is pretty unrealistic to think that the President would ever exercise the right which is given to him under the bill, since he has made it clear that he is not in sympathy with even the minimum rate of progress in slum clearance called for by the bill.

I am happy that the Senate has rejected, by a fine majority, the effort to substitute the President's totally inadequate program of urban renewal for the program in the bill reported by the Committee on Banking and Currency.

Let me again suggest to my colleagues that they should not take fright at the magnitude of these figures. It is anywhere from 3 to 5 years after a grant reservation is made before the Treasury is called upon for a single dollar of Federal money. Thus, this urban renewal program can have no conceivable effect on the budget for fiscal 1960 or 1961; and its effect on the 1962 budget will be minimal. In fact, cash expenditures in fiscal 1960 for the entire urban redevelopment program authorized since 1949, a program whose grant reservations total $1,350 million, is only $104 million. This is a dramatic example of the wide gap stretching over a long period of years between a grant authorization and the expenditure of Federal funds.

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

Mr. CLARK. I am happy to yield to the Senator from Wisconsin.

Mr. PROXMIRE. I congratulate the Senator from Pennsylvania on emphasizing this point. It seems to me that in the debate so far, since the housing bill was reported to the Senate, the entire emphasis in opposition to it here in the Senate has been on its effect on the budget. This emphasis has come directly from the White House. It has come through the President's spokesmen in the Senate, both minority leader and the ranking Republican on the Committee on Banking and Currency. They have emphasized, over and over again, a balanced budget, and they have tested every provision in the bill on the basis of its effect on the budget.

I think it is very important that the Senator from Pennsylvania has made it crystal clear that the urban renewal provisions in the bill, urban renewal provisions which I am encouraged to hope the Senator from Pennsylvania will offer in his amendment, will in no way affect the 1960 budget or the 1961 budget.

Mr. CLARK. I think the Senator from Wisconsin is quite correct. I am glad he has emphasized that point again. I hope we can finally get it across to the American people. I am hopeful that our good friends of the press will stop talking about the budget implications of a $2,100 million give-away program, because—and I am sure the Senator from Wisconsin is correct—I think most of the American people today who follow these matters only in the newspapers believe that we on this side of the aisle are preparing to spend $2,100 million in the 1960 budget in excess of what the President has asked for. That is so untrue that it is laughable.

Mr. PROXMIRE. I should simply like to add one point, which I think it should be emphasized throughout the discussion, particularly when we debate the Senator's amendment. The urban renewal money, far from constituting simply a threat to the Federal budget, will, it seems to me, and in the judgment of any competent, fair-minded economist, very likely constitute only a very small loss to the Federal budget, conceivably no loss at all.

Mr. CLARK. In the long run.

Mr. PROXMIRE. In the long run, or even in the fairly short run; because as the money is actually appropriated and spent, there is in very short order an addition of 5 times to 10 times, or even 15 times, as much private money which is also spent in construction.

Mr. CLARK. The Senator is correct. I shall speak about that later in my speech.

Mr. PROXMIRE. The money constitutes income which economists tell us means that for every $5 or $6 of income, $1 of Federal tax revenue will be received.

This all adds up to the fact that urban renewal money is a marvelous investment in every sense of the word. It comes back to the Federal Treasury. It does not constitute irresponsible spending.

Mr. CLARK. I thank the Senator for his very clear explanation of that point.

In point of fact, the sums provided for urban renewal in the pending bill are grossly inadequate. Unless they are increased, it is inevitable, in my judgment, that the program of slum clearance in the cities of America which is just getting under way will receive a crippling, if not a fatal, blow.

I turn to the minority views in the committee report to document this statement.

Although the minority views were signed by only four members of the committee, two other distinguished Senators joined with us in supporting the amendment, which I shall offer later, to increase the urban-renewal grant. So the actual vote in the committee on the amendment which I shall propose, was 9 to 6.

The minority views describe in some detail what happened last year when the Urban Renewal Administration found itself with insufficient funds and was forced to institute what is called rationing of the limited authorization it had available.

The rationing program was ordered into effect on September 8, 1958, a day which is referred to by the mayors and other city officials as "black Tuesday."

Wherever a city had on file an application for a really bold and adequate project to reconstruct a blighted area or a slum, that city was told in effect: "Your project is too big. We do not have the money. Take it back and scale it down, or else we will simply put it on the shelf until Congress makes more funds available."

Thus, the plans which have been put together by the united effort of civic leaders and city officials—encouraged by the promise of Federal help contained in the housing acts, beginning with the Housing Act of 1949—must either be scrapped or mangled or indefinitely postponed. The tempo of the program is lost; the enthusiasm and the hope that had been kindled are dimmed.

The effect on individual cities is set forth beginning on page 82 of the hearings. This table only shows, however, the communities which had applications already on file; it does not show the cities which have yet to enter the program. Many of those will undoubtedly be precluded from early participation unless the amounts in the committee bill are raised.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks, the table which begins on page 82 of the committee report. The table is entitled, "Title I, Capital Grant Contract Authorization—Approval Actions September 8–December 31, 1958, for Localities With Applications Pending September 5, 1958."

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

Title I capital-grant contract authorization—Approval actions, Sept. 8–Dec. 31, 1958, for localities with applications pending Sept. 5, 1958

State and locality	Applications pending Sept. 5, 1958 [1]	Formula limit	Approval actions Sept. 8–Dec. 31, 1958 [2]
Total	$381,877,421		$160,000,220
Alabama:			
Birmingham	$3,633,000	$1,737,172	$1,711,000
Cullman	150,000	[3] 443,424	100,000
Fairfield	370,167	[3] 532,479	370,167
Florence	2,066,000	[3] 726,816	66,000
Alaska:			
Fairbanks	1,260,000	[3] 407,676	305,000
Juneau	1,300,000	[3] 407,676	407,500
Arizona: Phoenix	560,730	[4] 1,415,306	
Arkansas:			
Junction City	253,000	[3] 317,991	
Little Rock	6,189,626	[4] 1,361,576	1,361,576
Stamps	402,000	[3] 353,919	
California:			
Azusa	1,178,204	[3] 496,911	
Broderick	1,022,476	[3] 496,911	432,208
Fresno	1,470,000	[4] 1,253,216	1,253,216
Monterey	981,892	[3] 585,696	585,696
Rio Vista	133,072	[3] 335,964	133,072
Sanger	93,546	[3] 407,676	
San Jose	2,545,275	[4] 1,285,850	1,282,666
Santa Clara	2,037,893	[3] 514,704	503,040
Santa Cruz	239,968	[3] 691,644	
Santa Monica	2,915,300	[4] 1,032,896	982,000
Stockton	5,628,673	[4] 1,021,754	1,021,750
Sunnyvale	1,225,626	[3] 479,100	479,100
Vacaville	311,111	[3] 353,919	
Woodland	1,034,239	[3] 461,271	460,504
Colorado:			
Denver	923,744	2,076,832	[5] 1,148,149
Connecticut:			
Ansonia	1,303,000	[3] 638,751	638,751
Beacon Falls	87,092	[3] 335,964	
Bridgeport	8,803,275	[4] 1,956,314	850,775
Danbury	447,458	[3] 691,644	
New Haven	841,487	[4] 2,006,624	837,901
Norwalk	5,153,552	[3] 1,160,391	1,160,000
Windsor	644,632	[4] 514,704	
District of Columbia:			
Washington	27,214,692	2,982,388	[6] 26,490,900
Georgia:			
Americus	440,000	[3] 496,911	287,000
Cordele	100,000	[3] 461,271	100,000
Dublin	285,332	[3] 479,100	285,332
Lawrenceville	144,900	[3] 353,919	144,900
Manchester	200,000	[3] 371,856	200,000
Moultrie	182,000	[3] 514,704	161,333
Nashville	192,000	[3] 353,919	96,000
Illinois:			
Alton	120,000	[3] 884,199	
Bloomington	172,000	[3] 901,596	172,000
Chicago	16,959,994	10,963,000	8,797,655
Peoria	3,000,000	[4] 1,468,736	1,468,736
Rock Island	693,463	[3] 1,160,391	693,500
Springfield	369,153	[4] 1,143,656	64,163
Indiana:			
La Porte	539,614	[3] 821,084	473,500
Mishawaka	2,085,638	[3] 884,199	158,302
South Bend	1,774,000	[4] 1,511,264	1,428,200
Iowa: Waterloo	4,607,667	[4] 954,650	940,179
Maine: Portland	419,871	[4] 1,099,496	331,190
Maryland: Baltimore	6,124,259	3,092,500	3,092,500
Massachusetts:			
Boston	678,176	2,981,197	
Cambridge	4,800,000	[4] 1,564,154	1,457,689
Chelsea	233,811	[3] 988,311	
Fitchburg	1,414,577	[3] 1,057,359	
Lowell	2,356,000	[4] 1,307,546	1,253,956
Worcester	3,166,667	[4] 2,388,746	2,250,000

See footnotes at end of table.

Title I capital-grant contract authorization—Approval actions, Sept. 8–Dec. 31, 1958, for localities with applications pending Sept. 5, 1958—Continued

State and locality	Applications pending Sept. 5, 1958 [1]	Formula limit	Approval actions Sept. 8–Dec. 31, 1958 [2]
Michigan:			
Detroit	$10,282,555	$5,650,000	$3,800,000
Grand Rapids	717,084	[4] 2,136,026	670,714
Highland Park	3,365,429	[3] 1,108,956	694,564
Muskegon	493,122	[3] 1,143,264	
Port Huron	50,566	[3] 936,336	24,004
St. Clair Shores	437,945	[3] 656,460	438,000
Wayne	172,077	[3] 461,271	188,188
Ypsilanti	1,114,560	[3] 621,084	
Minnesota:			
Duluth	384,000	[4] 1,393,850	384,000
Minneapolis	1,685,950	2,414,548	1,685,950
St. Paul	774,356	1,675,837	
Missouri:			
St. Louis	34,124,406	3,038,653	2,740,137
Webster Groves	687,134	[3] 709,239	687,134
Nevada:			
Las Vegas	1,418,800	[3] 744,375	577,600
Reno	1,069,896	[3] 866,784	
New Hampshire:			
Portsmouth	34,866	[3] 638,751	21,237
New Jersey:			
Atlantic City	1,731,793	[4] 920,936	920,936
East Orange	359,577	[4] 1,110,554	359,577
Hackensack	152,198	[3] 814,431	110,343
Jersey City	1,062,687	1,625,797	890,166
Metuchen	220,825	[3] 479,100	197,491
Newark	535,000	2,155,837	535,000
North Plainfield	1;125,310	[3] 532,479	523,310
Orange	4,409,390	[3] 971,004	
Passaic	582,000	[4] 875,816	582,000
Perth Amboy	134,755	[3] 1,022,871	134,754
Princeton	2,445	[3] 514,704	[5] 128,296
Trenton	7,340,740	[4] 1,637,696	[7] 2,346,000
Union City	416,412	[4] 853,184	37,497
Wayne Township	1,119,000	[3] 514,704	434,813
New York:			
Binghamton	366,894	[4] 1,132,634	
Buffalo	18,216,000	2,570,800	2,570,800
Hastings on Hudson	953,334	[3] 443,424	440,000
Middletown	563,756	[3] 709,239	
New York	2,169,842	15,443,600	[8] 11,942,312
Niagara Falls	475,000	[4] 1,242,314	475,000
Nyack	700,000	[3] 407,676	400,000
Peekskill	1,865,000	[3] 621,084	620,000
White Plains	5,500,000	[3] 1,057,359	
Yonkers	280,546	[4] 1,895,546	115,294
North Carolina:			
Charlotte	1,000,000	[4] 1,700,264	1,000,000
Fayetteville	587,332	[3] 918,975	270,000
Raleigh	1,000,000	[4] 965,864	965,864
Ohio:			
Cincinnati	9,419,500	2,361,952	1,581,900
Cleveland	4,379,162	3,078,325	3,078,325
Dayton	4,500,000	[4] 2,770,784	2,762,000
Oregon:			
Eugene	1,711,680	[3] 936,336	922,740
Portland	751,732	1,924,372	[8] 982,269
Springfield	106,285	[3] 496,911	
Pennsylvania:			
Allentown	1,577,232	[4] 1,415,306	1,386,400
Connellsville	236,896	[3] 532,479	[9] 258,166
Farrell	295,400	[3] 550,236	252,333
Harrisburg	3,890,070	[4] 1,231,400	1,217,681
Lancaster	3,747,306	[4] 943,424	943,424
McKeesport	6,380,000	[3] 807,776	
Oil City	68,986	[3] 656,400	57,785
Philadelphia	30,297,867	6,316,000	5,348,715
Pittsburgh	16,364,523	2,787,013	2,687,321
Pittston	961,330	[3] 567,975	567,970
Reading	2,107,170	[4] 1,436,714	1,294,366
Scranton	904,020	[4] 1,616,744	914,871
Susquehanna Township	2,065,900	[3] 496,911	400,000
Swatara Township	1,103,280	[3] 461,271	427,066
York	613,377	[4] 898,400	592,949
Rhode Island:			
Providence	4,198,190	[4] 2,815,994	
South Carolina:			
Spartanburg	280,000	[3] 953,679	280,000
Tennessee:			
Clarksville	717,483	[3] 585,696	520,306
Dyersburg	3,455,070	[3] 496,911	[10] 534,000
Franklin	86,502	[3] 289,775	[8] 106,105
Gallatin	333,332	[3] 389,775	
Morristown	268,050	[3] 532,479	268,048
Waverly	16,384	[3] 335,964	[11] 96,000
Texas:			
Crystal City	567,000	[3] 425,559	423,196
Los Fresnos	348,732	[3] 317,991	
Mercedes	474,641	[3] 479,100	445,478
San Antonio	3,685,021	2,048,608	1,997,135
Waco	3,926,643	[4] 1,176,650	1,164,480
Wink	863,184	[3] 335,964	335,793
Vermont: Burlington	600,000	[3] 884,199	600,000

See footnotes at end of table.

Title I capital-grant contract authorization—Approval actions, Sept. 8–Dec. 31, 1958, for localities with applications pending Sept. 5, 1958—Continued

State and locality	Applications pending Sept. 5, 1958 [1]	Formula limit	Approval actions Sept. 8–Dec. 31, 1958 [2]
Virginia:			
Charlottesville	$1,056,000	[3] $761,916	$761,916
South Norfolk	564,228	[3] 479,100	479,100
Washington:			
Tacoma	1,057,500	[4] 1,803,584	1,057,500
Vancouver	1,140,000	[3] 1,040,124	1,040,124
West Virginia:			
Wheeling	310,817	[4] 887,114	[8] 575,371
Wisconsin:			
Milwaukee	16,849,530	2,704,693	[12] 13,400,000
Puerto Rico	6,434,664	4,619,000	[13] 5,891,300

[1] Amounts shown under "Applications pending" include all applications (both for new projects and for increases in existing projects) pending on Sept. 5. For many cities, more than 1 application was pending on Sept. 5.

[2] Amounts shown under "Approval actions" include all amounts approved for the cities with applications pending on Sept. 5. Excluded are amounts approved after Sept. 5 for cities with no applications pending on Sept. 5.

[3] Limit for 3 years.

[4] Limit for 2 years.

[5] Represents amounts approved as increases in existing project(s), including amounts approved under applications received after Sept. 5.

[6] Reflects transfer of reservations made prior to fiscal year 1959 between projects, as agreed in fiscal year 1958.

[7] Reflects (a) transfer of reservation of $709,022 made prior to fiscal year 1959 to general neighborhood renewal planning operation approved for the same area, plus (b) increase of $1,636,978 in the reservation, subject to formula limit.

[8] New York City had been subject to a limitation of not to exceed 10 percent of available authorization for 1959 prior to beginning of fiscal year and was therefore entitled to have applications up to this amount considered.

[9] Represents revision in amount of reservation requested originally in survey and planning application pending on Sept. 5.

[10] Reflects transfer of reservation made prior to fiscal year 1959 for existing general neighborhood renewal planning operation to urban renewal project approved for planning in the neighborhood area.

[11] Reflects actual amount of reservation requested in application pending on Sept. 5. Amount of $16,384 shown under "Applications pending" reflects a reporting error.

[12] Reflects transfer of reservation made prior to fiscal year 1959 for existing urban renewal project to general neighborhood renewal planning operation approved for the same area.

[13] Reflects (a) transfer of reservations made prior to fiscal year 1959 in amount of $1,304,000 between projects, as agreed in fiscal year 1958, plus (b) new reservations approved in the amount of $4,587,300 subject to formula limit.

Source: Housing and Home Finance Agency, Urban Renewal Administration.

Mr. PROXMIRE. Mr. President, at this point, will the Senator from Pennsylvania yield to me?

The PRESIDING OFFICER (Mr. MUSKIE in the chair). Does the Senator from Pennsylvania yield to the Senator from Wisconsin?

Mr. CLARK. I am happy to yield to my friend from Wisconsin.

Mr. PROXMIRE. I think this point in the Senator's speech should be a critical one to all other Senators. I know that in my State of Wisconsin, La Crosse, which is just beginning an urban renewal program, is likely to be very seriously handicapped—in fact, it probably will not be able to have an urban renewal program for a number of years—unless the present committee bill is improved. La Crosse is a typical American city, with a population of 50,000; and I am sure a great majority of Senators have similar situations in their own States.

If this housing bill is to have any effect on urban renewal, I think the provisions the Senator from Pennsylvania is advocating must be adopted. It is true that these provisions will also help the larger cities. Of course the larger cities have established programs under way. I believe it is the smaller cities throughout the country that will be most seriously handicapped unless the committee bill is amended in the way the Senator from Pennsylvania has proposed.

Mr. CLARK. Mr. President, the Senator from Wisconsin is quite correct. I should like to amplify what he has said by pointing out that presently 384 cities in the Nation, in 41 States, the District of Columbia, Hawaii, and Puerto Rico, are engaged in urban-renewal projects. Mr. President, I ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks, a list of those cities. The list, prepared by the Urban Renewal Administration, shows the extent of their participation in urban renewal.

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

Urban renewal programs—Capital-grant reservations and contracts [1] as of Dec. 31, 1958

Total amount of capital grant reservations and contracts	$1,326,238,759
Urban renewal projects:	
Total amount	1,324,173,054
States and territories	43
Localities	384
Projects	[2] 641
Demonstration projects: Total amount	2,065,705

[1] Includes urban renewal projects, general neighborhood renewal planning projects, and demonstration projects.

[2] Excludes projects without capital grant reservations.

State and city	Number of projects	Amount
Alabama, total	29	$14,593,916
Auburn	1	12,111
Bessemer	1	1,066,666
Birmingham	3	4,630,157
Cullman	2	281,779
Decatur	2	481,312
Demopolis	2	189,874
Dothan	1	652,576
Elba	1	141,729
Eufaula	1	226,112
Fairfield	1	370,167
Florence	2	297,856
Gadsden	2	1,100,963
Huntsville	3	1,512,298
Linden	1	16,449
Mobile	1	1,016,765
Montgomery	2	2,086,358
Phenix City	1	173,035
Sheffield	1	197,554
Tuscumbia	1	140,155
Alaska, total	6	3,937,436
Anchorage	2	1,049,763
Fairbanks	2	1,163,889
Juneau	1	407,500
Ketchikan	1	1,316,284
Arizona, total	4	5,026,950
Flagstaff	1	293,127
Phoenix	2	2,292,823
Tucson	1	2,441,000
Arkansas, total	7	4,520,679
Little Rock	6	4,454,631
Texarkana	1	66,048
California, total	38	71,900,959
Berkeley	1	28,864
Broderick	1	432,208
Calexico	1	317,409
Fresno	2	3,577,795
Los Angeles	2	20,699,461
Marin County	1	520,086
Mendota	1	403,600
Merced	1	621,587
Monterey	1	585,696
Oakland	3	3,255,115
Richmond	4	5,128,450

State and city	Number of projects	Amount
California—Con.		
Rio Vista	1	$133,072
Sacramento	3	9,050,004
San Bernardino	1	1,303,425
San Francisco	3	14,327,260
San Jose	1	1,282,666
San Pablo	1	242,000
Santa Clara	1	503,040
Santa Cruz	2	2,274,657
Santa Monica	1	982,000
Seaside	1	623,000
Stockton	2	2,519,960
Sunnyvale	1	479,100
Vallejo	1	2,150,000
Woodland	1	460,504
Colorado, total	4	4,051,429
Denver	3	2,411,763
Pueblo	1	1,639,666
Connecticut, total	35	62,883,953
Ansonia	2	2,832,083
Beacon Falls	1	135,067
Bridgeport	1	850,775
Danbury	1	3,600,000
East Granby	1	141,332
Farmington	2	24,927
Hartford	3	5,129,436
Killingly	1	134,653
Meriden	1	1,240,000
Middletown	1	1,883,653
Naugatuck	3	2,228,927
New Britain	1	1,456,666
New Haven	5	32,876,511
Norwalk	2	3,516,241
Norwich	1	281,600
Putnam	1	2,621,398
Seymour	2	579,775
Stamford	1	366,643
Torrington	1	1,558,555
Washington	1	243,145
Waterbury	2	1,027,116
Windsor	1	155,450
Delaware, total	1	2,000,719
Wilmington	1	2,000,719
District of Columbia, total	9	65,674,797
Washington	9	65,674,797
Georgia, total	31	28,690,728
Americus	1	287,000
Atlanta	5	14,794,277
Augusta	1	1,197,963
Bainbridge	2	248,372
Cartersville	1	228 000
Columbus	1	1,781,023
Cordele	1	100,000
Douglas	3	524,259
Dublin	1	285,332
East Point	1	1,310,000
Lawrenceville	2	280,164
Lithonia	1	102,872
Macon	1	730,667
Manchester	1	200,000
Marietta	1	1,025,825
Moultrie	2	368,258
Nashville	1	96,000
Savannah	3	4,478,294
Valdosta	1	539,204
Waynesboro	1	113,218
Hawaii, total	3	9,608,522
Honolulu	3	9,608,522
Illinois, total	40	103,312,403
Bloomington	1	172,000
Cairo	1	5,000
Chicago	28	92,732,580
Chicago Heights	1	1,944,668
East St. Louis	1	1,918,656
Galesburg	2	146,921
Maywood	1	1,809,000
North Chicago	1	938,000
Peoria	1	1,468,736
Robbins	1	1,127,179
Rock Island	1	693,500
Springfield	1	356,163
Indiana, total	7	21,794,902
East Chicago	2	16,652,959
Evansville	1	1,061,941
Gary	1	2,020,000
La Porte	1	473,500
Mishawaka	1	158,302
South Bend	1	1,428,200
Iowa, total	2	7,177,179
Des Moines	1	6,237,000
Waterloo	1	940,179
Kansas, total	6	$14,650,487
Atchison	1	1,150,000
Kansas City	3	4,507,906
Topeka	1	7,489,235
Wichita	1	1,503,346
Kentucky, total	7	4,904,483
Frankfort	1	1,018,372
Hazard	1	133,592
Louisville	1	1,372,291
Newport	2	2,021,592
Paris	1	128,903
Prestonburg	1	229,733
Louisiana, total	1	2,086
New Orleans	1	2,086
Maine, total	3	1,930,369
Portland	3	1,930,369
Maryland, total	12	26,362,042
Baltimore	12	26,362,042
Massachusetts, total	29	45,668,215
Boston	4	12,884,859
Brookline	1	1,747,706
Cambridge	4	6,928,473
Chelsea	2	1,693,334
Fall River	1	1,265,243
Gloucester	1	632,979
Lawrence	1	2,017,111
Lowell	2	1,687,296
Lynn	4	5,193,185
Medford	1	265,199
North Adams	1	1,510,920
Revere	1	232,839
Somerville	1	1,023,164
Springfield	1	3,193,000
Wilmington	1	400,000
Worcester	3	4,992,907
Michigan, total	26	62,877,587
Ann Arbor	1	911,747
Battle Creek	1	2,726,417
Detroit	11	6,877,655
Grand Rapids	1	670,714
Highland Park	1	694,564
Inkster	1	1,422,000
Jackson	1	1,707,500
Kalamazoo	1	1,636,119
Mount Clemens	1	3,573,621
Muskegon	1	3,423,481
Pontiac	1	1,705,000
Port Huron	1	931,098
Royal Oak	1	1,361,078
Saginaw	1	2,800,000
St. Clair Shores	1	438,000
Wayne	1	1,998,593
Minnesota, total	8	22,374,730
Duluth	2	492,600
Minneapolis	3	17,407,656
St. Paul	3	4,474,474
Mississippi, total	1	510,000
Tupelo	1	510,000
Missouri, total	14	44,476,439
Columbia	1	1,666,571
Kansas City	4	7,424,499
Kinloch	1	580,166
St. Charles	1	71,704
St. Louis	4	31,303,868
St. Louis County	2	2,742,497
Webster Groves	1	687,134
Nevada, total	2	1,989,600
Las Vegas	1	577,600
Reno	1	1,412,000
New Hampshire, total	6	2,429,222
Manchester	3	1,087,513
Nashua	1	325,173
Portsmouth	2	1,016,536
New Jersey, total	46	68,839,329
Asbury Park	1	2,362,263
Atlantic City	1	1,513,586
Camden	1	1,453,526
East Orange	1	359,577
Edison	1	710,000
Elizabeth	2	1,480,006
Franklin Township	1	556,000
Hackensack	1	643,540
Hoboken	2	2,111,801
New Jersey—Con.		
Jersey City	5	$11,047,449
Long Branch	3	816,027
Metuchen	1	197,491
Morristown	1	799,372
Newark	6	20,956,968
New Brunswick	3	3,719,179
North Plainfield	1	523,310
Orange	1	1,242,889
Passaic	2	1,470,866
Paterson	2	6,821,009
Perth Amboy	3	3,402,687
Phillipsburg	1	571,076
Plainfield	1	153,285
Princeton	1	463,210
Trenton	2	4,288,142
Union City	1	741,257
Wayne Township	1	434,813
New Mexico total	1	358,047
Las Cruces	1	358,047
New York, total	60	207,711,624
Albany	2	4,213,670
Binghamton	1	1,416,359
Buffalo	2	12,455,408
Catskill	1	85,000
Glen Cove	1	375,000
Greenburgh	1	1,825,000
Hastings on Hudson	1	440,000
Huntington	1	560,849
Ithaca	1	233,000
Long Beach	1	2,709,666
Middletown	1	739,756
Newburgh	1	1,167,000
New Rochelle	1	5,044,025
New York	26	153,457,947
New York State at large	3	288,644
Niagara Falls	1	475,000
North Tarrytown	1	433,033
Nyack	1	400,000
Peekskill	1	620,000
Port Chester	1	346,234
Poughkeepsie	1	232,297
Rochester	1	3,718,729
Rockville Center	1	973,506
Rome	1	687,794
Schenectady	2	2,409,270
Syracuse	2	9,386,960
Tarrytown	1	166,800
Utica	1	1,232,458
Yonkers	1	1,618,219
North Carolina, total	5	5,140,864
Charlotte	1	1,000,000
Fayetteville	1	270,000
Greensboro	1	1,030,000
Raleigh	1	965,864
Winston-Salem	1	1,875,000
North Dakota, total	1	1,026,209
Fargo	1	1,026,209
Ohio, total	16	67,124,303
Cincinnati	3	26,459,915
Cleveland	5	14,738,684
Columbus	3	10,314,908
Dayton	2	11,603,820
Hamilton	1	946,827
Toledo	1	1,535,886
Youngstown	1	1,524,263
Oregon, total	4	4,874,505
Eugene	1	922,740
Florence	1	211,260
Portland	1	3,097,688
Springfield	1	642,817
Pennsylvania	66	140,852,032
Allentown	1	1,386,400
Beaver Falls	1	359,646
Bethlehem	1	1,400,000
Braddock	1	2,050,559
Brownsville	1	353,680
Carbondale	1	983,000
Chambersburg	1	470,000
Chester	2	1,387,185
Clairton	1	272,412
Connellsville	1	258,166
Darby	2	1,367,237
Duquesne	1	4,160,657
Easton	2	2,036,311
Erie	1	2,728,178
Farrell	1	252,333
Harrisburg	2	5,621,264
Johnstown	1	1,131,406
Lancaster	1	943,424
McKeesport	1	1,165,484
McKees Rocks	1	1,828,684
Meadville	1	826,000
Monessen	1	1,293,333
Nanticoke	1	1,020,000

State and city	Number of projects	Amount
Pennsylvania—Con.		
New Kensington	1	$1,735,013
Oil City	1	462,929
Philadelphia	16	62,560,822
Pittsburgh	4	25,826,088
Pittston	1	567,970
Rankin	1	2,578,052
Reading	3	1,520,130
Scranton	3	8,132,622
Sharon	2	788,637
Susquehanna Township	1	400,000
Swatara Township	1	427,066
Uniontown	2	837,972
York	2	1,202,372
Windber	1	517,000
Puerto Rico, total	53	29,111,583
Aguada	1	374,500
Aguadella	1	429,000
Aibonito	1	94,976
Anasco	1	160,700
Arecibo	2	2,183,700
Arroyo	1	127,900
Bayamon	3	1,093,400
Cabo Rojo	1	113,300
Caguas	2	1,889,390
Carolina	1	307,100
Catano	1	650,000
Cayey	2	1,241,100
Cidra	1	364,300
Fajardo	1	656,000
Guayama	1	774,100
Guayanilla	1	374,500
Guaynabo	1	122,000
Humacao	2	789,100
Juana Diaz	1	331,700
Juncos	1	497,600
Loiza	1	121,000
Mayaguez	3	3,511,123
Moca	1	129,100
Naguabo	1	150,900
Patillas	1	314,600
Ponce	5	1,704,277
Quebradillas	1	439,700
Rio Piedras	1	1,021,700
Sabana Grande	1	184,300
San German	1	893,300
San Juan	5	6,901,967
San Sebastian	1	517,800
Toe Baja	1	96,700
Utuado	1	88,800
Vega Alta	1	127,360
Vega Baja	1	188,100
Yabucoa	1	146,550
Rhode Island, total	8	12,909,270
Providence	8	12,909,270
South Carolina, total	1	280,000
Spartanburg	1	280,000
Tennessee, total	29	65,016,619
Athens	1	238,267
Chattanooga	1	10,628,869
Clarksville	2	2,300,608
Cookeville	1	435,000
Dyersburg	2	548,914
Franklin	1	366,105
Gallatin	1	221,815
Johnson City	1	958,218
Knoxville	1	2,626,987
Lebanon	1	539,269
Memphis	4	21,646,672
Morristown	1	268,048
Murfreesboro	2	754,401
Nashville	2	19,010,669
Shelbyville	1	3,136,704
Springfield	1	470,000
Tullahoma	1	113,606
Union City	3	609,093
Waverly	2	143,374
Texas, total	23	24,279,445
Abilene	1	2,117,907
Austin	1	395,750
Corpus Christi	1	2,718,600
Crystal City	1	423,196
Edcouch	1	212,666
Edinburgh	1	324,000
Fort Worth	1	1,230,600
Garland	1	231,958
Grand Prairie	1	1,594,544
Harlinger	1	317,072
Laredo	1	1,911,643
Lubbock	2	3,687,095
Marshall	1	110,030
Mercedes	1	1,121,313
Mission	1	690,612
Orange	1	1,120,556
Paris	1	517,528
Port Arthur	1	1,479,267
Port Isabel	1	577,700
San Antonio	1	$1,997,135
Waco	1	1,164,480
Wink	1	335,793
Vermont, total	1	600,000
Burlington	1	600,000
Virginia, total	14	38,770,950
Charlottesville	1	761,916
Danville	2	3,621,516
Harrisonburg	1	861,099
Newport News	1	1,570,986
Norfolk	4	25,799,865
Portsmouth	1	1,110,684
Richmond	1	1,657,668
Roanoke	1	2,066,659
South Norfolk	2	1,320,557
Washington, total	2	2,097,624
Tacoma	1	1,057,500
Vancouver	1	1,040,124
West Virginia, total	2	3,842,455
Fairmont	1	2,747,484
Wheeling	1	1,094,971
Wisconsin, total	5	20,054,069
Madison	2	2,088,957
Milwaukee	3	17,965,112

Mr. CLARK. Mr. President, among those 384 cities are 37 in the Commonwealth of Pennsylvania. I would hazard the guess that another 25 cities in Pennsylvania alone now are making plans to request urban-renewal grants, although they have not yet reached the point of making application for grant reservations; and I am sure that what is true of Pennsylvania is true generally throughout the country.

During the hearings, we asked Commissioner Steiner, of the Urban Renewal Administration, how much money would be needed to keep pace with the plans the cities have put forward. His answer was that applications have been coming in at the rate of $40 million a month, after those which were rejected or withdrawn have been deducted, and that the rate has been rising. Thus, the annual rate is around $500 million a year, and is going up. On page 80 of the report is a tabulation showing that, taking into account the backlog, the need between now and June 30, 1960, is around $1.1 billion. That is why I have been advocating an authorization of $600 million a year. Joined by several of my colleagues, I shall, at the appropriate time, offer an amendment to raise the authorization.

Mr. President, later, when I call up my amendment, I shall return to the subject of urban renewal.

My fourth point is that the bill authorizes carrying over into the fiscal year 1960 the existing unused authorization for public-housing units—which probably will amount to about 16,000—and authorizes the construction of an additional 35,000 units, or a total of 51,000.

Mr. President, last night and this morning I was reassured, indeed, when efforts of the administration to kill the public-housing program were rejected by a majority of the Members of this body. I am confident that if those efforts had succeeded, we would have struck another crippling blow at the urban renewal-slum clearance program.

While this authorization will probably be adequate for the fiscal year 1960, personally I would have preferred a long-range program which would have turned loose the remaining unused authorization of about 190,000 units, as contained in the Taft-Ellender-Wagner Housing Act of 1949. In this way, we could have given assurance to American cities that they could unquestionably provide, in the years ahead, not only for the families of low incomes who must be relocated by reason of governmental action, but also for the many thousands of low-income families now living in slums for which renewal programs are not as yet even on the drawing boards.

The bill also makes some administrative changes intended to decentralize administration of the public-housing program. These provisions are not only salutary, they are essential to the revitalization of the public-housing program across the country. Redtape, bureaucracy, and unsympathetic centralized control over the public housing administration in Washington have tied the hands of dedicated local leadership in their efforts to take care of unfortunate families now living in unsafe and unsanitary housing.

This bill does not contain all of the provisions for decentralization which were approved by the Senate last year, and were introduced in the original version of Senate bill 57, as well as in my own bill, S. 193. However, this bill makes a beginning. I am content with the committee bill as a compromise at this point, although I believe that the Senate should keep a continuous watch upon the operation of the program so as to see whether other measures, to prevent this program from being strangled by redtape, will need to be taken in the future.

Mr. President, in that connection I should like to call attention to a letter which begins on page 34 of the committee report. The letter is addressed to the Senator from Alabama [Mr. SPARKMAN]; and it comes from the Public Housing Commissioner, Mr. Charles E. Slusser. I ask unanimous consent that the letter be printed at this point in the RECORD, as a part of my remarks.

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

PUBLIC HOUSING ADMINISTRATION,
HOUSING AND HOME FINANCE AGENCY,
Washington, D.C., January 28, 1959.

Hon. JOHN J. SPARKMAN,
U.S. Senate, Washington, D.C.

DEAR SENATOR SPARKMAN: Please accept my regrets that illness prevented me from meeting with you Tuesday morning, January 27, and accept my thanks for the courtesies you extend to my representatives.

The modification of present Federal practice with respect to fiscal auditing, and budgetary review and approval desired by local housing authorities can best be accomplished, in my judgment, administratively under a new policy mandate established by the Congress. This procedure would have advantage both to the Federal and local interest in the administration of the low-rent housing program.

With respect to fiscal audits, the provision which now precludes a local housing authority from securing an independent audit from a qualified public accountant is contained not in the statute but in section 311b of the standard form of annual contributions contract between the Public Housing Administration and local housing authorities. This section can be waived so as to permit a local housing authority should it so desire to obtain its own audit and treat the cost thereof as an eligible operating expense. By retaining administrative flexibility, we could satisfy the desires of local housing authorities and at the same time not interfere with the staffing and programing of PHA fiscal audits as would result were each local housing authority in a position to elect shortly before the beginning of each fiscal year to have a private or PHA fiscal audit. With administrative flexibility, the amount of advance notice required of local housing authorities could be varied from time to time so that the joint objective of local option and an orderly PHA audit program could be achieved.

With respect to budgetary review and approval, this, also, is a requirement of the annual contributions contract and not a specific provision of the law. Last year PHA adopted a completely modified and improved budget system. Many local housing authorities have expressed their satisfaction with it and we have been commended for its installation. Indeed, when I met with committees of local housing authority commissioners throughout the country during 1958, I discussed with them the desirability of PHA's relinquishing the approval of local housing authority operating budgets.

There were differing viewpoints. Some commissioners felt that properly they should have and would welcome full responsibility and authority over their operating budgets. Others, however, felt that they needed and welcomed PHA's review and comments.

Again, these viewpoints can be reconciled administratively. Local housing authorities could file their budgets with PHA. This is required so that PHA can prepare intelligent forecasts of annual contributions requirements. The PHA staff could then review and furnish the local housing authority commissioners with comments and suggestions on the local housing authority's operating plans and costs. The local housing authority commissioners would then be in a position to consider the proposals of their own staff, the PHA comments and make their own decision. This would provide both local independence and discretion and Federal advice and assistance.

To my mind, this administrative practice would be preferable to legislative changes in the statute, coupled with a directive to change all existing annual contributions contracts to incorporate them, for one very cogent reason. This procedure is experimental. If instituted by precise legislative requirements and contract modification, should the Congress subsequently become dissatisfied with the results, it would be unable to restore the status quo since local housing authorities would be protected by contract even against the power of the Congress. On the other hand, should this innovation in Federal practice be instituted administratively under congressional mandate, coupled with the requirement to report the results back to the Congress after an experimental period, say of 2 years' duration, there would be no contractual barrier to the Congress exercising its judgment and authority as it deems best suited to the public interest.

Further, by following the administrative route, should any particular situation arise which calls for prompt action in the interest of the low-rent housing program, these waivers could be withdrawn in the specific situation. It is unlikely that such a situation would occur but freedom to move might be essential under what are now unforeseeable circumstances.

To effectuate this arrangement, we would suggest the inclusion in legislation of language in the U.S. Housing Act directing the Public Housing Commissioner to vest the power in local housing authority commissioners to exercise their judgment with respect to the operations of the low-rent housing program to the maximum extent compatible with the accomplishment of the objectives and provisions of the statute. This legislative change, coupled with a statement in the committee report setting forth the above-outlined administrative modifications in PHA procedure and practice, would assure the institution of the changes and give the Congress an opportunity to evaluate the results.

Should these suggestions commend themselves to you, we should be happy to meet with your staff to work out the technical details involved.

Sincerely yours,

CHARLES E. SLUSSER,
Commissioner.

Mr. CLARK. Mr. President, the language in the committee report points out very clearly, as does the statement of public housing policy which appears in title IV of the pending bill, that it should be the policy of the Public Housing Administration to decentralize, insofar as possible, all of its activities in relation to the local public-housing authorities.

I hope that we are now making some legislative history which will indicate the clear legislative intent of the Senate—that the administration should cut red-tape and stop interfering with the local authorities. It should stop telling them, for example, where to put Coca-Cola machines—as it did last year—and stop telling them what pail and what mop to buy—which happened last year—and stop telling them to remove trees, and then be unable to tell the local authority which trees to remove—which occurred last year. I hope we are making it plain that we want the local authorities given the maximum control over their own affairs, and that the policy of the Senate is decentralization, the maximum amount of local control, and the minimum amount of interference by the Central Government in Washington.

Mr. PROXMIRE. Mr. President, will the Senator from Pennsylvania yield further to me?

Mr. CLARK. I am happy to yield to the Senator from Wisconsin.

Mr. PROXMIRE. Is it the understanding of the Senator from Pennsylvania that the letter received by the chairman of the Housing Subcommittee of the Banking and Currency Committee from Commissioner Slusser—I refer to the letter which appears in the committee report on pages 34 to 36—constitutes a substitution for the enactment into law of the decentralization provisions for which the Senator from Pennsylvania himself is pleading? In other words, the letter in the committee report is intended to take the place of a statutory enactment. I say that because, as discussed in the deliberations of the Banking and Currency Committee, that was my clear understanding.

Mr. CLARK. It was my understanding also. I may say to my friend from Wisconsin that the more I read the letter, the more I am confused by the gobbledegook contained therein. If I can read between the lines in an attempt to interpret what was the thought of the writer of the letter, I am not at all sure it constitutes a commitment to carry out this decentralization policy, at least so far as audits are concerned.

Mr. PROXMIRE. Was there any doubt on the part of any member of the committee, on the majority or on the minority side, that the intention, the purpose, the objective of the letter was to provide for the kind of decentralization the Senator from Pennsylvania has been talking about?

Mr. CLARK. I think my friend is correct. In that connection, I call his attention to the specific provision in section 401 of title IV, the low-rent housing section of the present bill, which reads as follows:

> It is the policy to vest in the local public agencies the maximum amount of responsibility in the administration of the low-rent program with due consideration to accomplishing the objectives of this Act while effecting economies.

I think what the Senate means by that is: "Keep your hands off the local public authorities unless and until you have reason to believe that they are not properly performing their public duties."

The need for such decentralization has been developed by witness after witness in hearings before the committee. The local housing officials are leading citizens in their communities. They are serving without pay, as dedicated public servants. They are giving their time and efforts to make the public housing programs in their own communities work. I think it is an affront to their intelligence and integrity to have bureaucrats from Washington tell them, "Do this. Do that. Don't do this. Don't do that." Local authorities have been harassed to such an extent that in many places it has slowed down the public housing program in the last few years more than has any other thing.

Mr. PROXMIRE. Is it not interesting that for 20 long years the Republicans complained about bureaucracy and the dead hand of the bureaucrat?

Mr. CLARK. That is correct.

Mr. PROXMIRE. It was that issue more than any other that permitted them to triumph in the 1952 elections. It was a good and an honest issue. It is an issue which the American people will recognize whether the Democratic Party or the Republican Party is in control of the Government. I think one of the evils of big government has been excessive and unnecessary control from Washington. The issue is clear. Democrats and Republicans both agreed it was essential that the Public Housing Administration decentralize to the greatest possible extent.

Mr. CLARK. I think the Senator is correct. I will recall to his mind it was

stated in the hearings that the Public Housing Administration has 1,600 employees. I suppose in order to give them something to do, they have to be sent to harass local public housing authorities. I would hope when we come here next year, as an indication of the decentralization program which the act calls for, there might be at least a 25 percent cut in the payroll of the Public Housing Administration.

I turn now to my fifth point. The provisions of the bill which establish a new program of housing for the elderly have been fully outlined by the able Senator from Alabama. I will not expand on what he has said, except to say that this new program meets a need that has been critically felt for a long time. I think it deserves everyone's support.

I return to my initial theme. This bill requires the United States Senate to face up to a critical program confronting America. There are alarming signs of softness in our country—signs which no one has read more clearly than the distinguished Senator from Arkansas, the Chairman of our Banking and Currency Committee [Mr. FULBRIGHT] in a series of brilliant speeches he made on this floor last summer. He referred to the self-indulgence, the emphasis on luxury, the juvenile and adult delinquency, the lack of self-discipline, the tendency to sweep hard facts under the rug, the unwillingness to ask the people for any sort of sacrifice, and, finally, the lack of national leadership, as dangers of our time. Too many people want to buy Cadillacs and Coca-Cola; too few people are determined to see that there is decent shelter for our children and their parents.

Yet I believe that the election returns of last November indicate a profound public discontent with this condition. I believe the people elected candidates who will look to the future and not to the past, who promise action rather than inertia. I believe further that most of the men who won in that election and their colleagues in this Senate are prepared to meet that mandate to move forward. This was a mandate to political leaders to master our problems, to take control of our destiny, not to continue to drift and to fumble.

Now what obstacles do the timid place in our way? It is the old, old song: "We can't afford it—we must cut costs and balance the budget."

Let me state at the outset my own strong belief that the Federal budget should be balanced for fiscal 1960, but I do not want to balance the budget at the cost of inferiority abroad and mediocrity at home. Nor do I believe that expenditures to meet our needs must necessarily result in an unbalanced budget. I have no doubt that, when faced with the clear and unavoidable issue of providing more Federal revenues or living in a second-class America, the people of this Nation will support the Members of this body, if we have the political guts to provide the additional revenue.

In that connection, Mr. President, there appeared in this morning's paper three extremely interesting examples of what I have in mind. I particularly call this point to the attention of my friends on the opposite side of the aisle—now entirely barren except for the presence of the distinguished Senator from Indiana [Mr. CAPEHART]. I call to their attention, when they read the RECORD tomorrow, an editorial in the Washington Post and Times Herald of this morning, entitled "Rockefeller's Millions." I read the first sentence, which is as follows:

> Governor Rockefeller's recommendations for a $277-million increase in New York State taxes are fiscally responsible and may be good politics as well.

I ask unanimous consent that the editorial may appear in the RECORD at this point in my remarks.

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

ROCKEFELLER'S MILLIONS

Governor Rockefeller's recommendations for a $277 million increase in New York State taxes are fiscally responsible and may be good politics as well. The Governor's willingness to meet most of the expanding demands on the New York budget with a tax increase indicates that he has a good deal of political courage. Such a forthright approach to New York's revenue problems ought to offset whatever political deficits may accrue to a Governor whose first major decision is to ask the legislature to raise the taxes paid by almost every voter in the State.

The additional revenue will be used to help balance New York's first $2 billion budget. By paying more State income, cigarette, gasoline, and estate taxes New York residents will provide for the financing of more school and highway construction and the expansion of many State services. There are no new spending plans of any consequence in the Rockefeller budget. Many of the increases in expenditures for such existing programs as State aid to education and highway construction are mandatory.

Mr. Rockefeller's approach to New York's finances is surely more realistic than the pinch-penny attitude taken by Governor Tawes in Maryland where he balanced a $448 million budget without a tax increase but at the expense of many essential State services. We think that most Americans are prepared to pay for adequate government services, even if this means higher taxes. Mr. Rockefeller's call for tax increases probably has not diminished the value of his presidential stock by one dime.

Mr. CLARK. I suggest to my good friend from Indiana, in the most friendly possible way, that perhaps he would be willing on some occasion in the near future to go to the White House and suggest to his friend there that the great Republican Governor of New York has shown the way toward fiscal responsibility and budget balancing, in a way which perhaps could well be emulated at the other end of Pennsylvania Avenue.

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

Mr. CLARK. I am always happy to yield to my friend from Indiana.

Mr. CAPEHART. My position is and has been for a couple of days—and I have made myself clear many, many times—that the responsibility for appropriations and expenditures is entirely, 100 percent, the responsibility of the Congress. The President does not have a single nickel to spend except the money which is appropriated by the Congress.

Mr. CLARK. My friend would agree, would he not, that the Congress is always very much influenced by the recommendations the President makes, which is proper?

Mr. CAPEHART. I agree with that, and I do not think it should be the case. I think that is what got us into much of our trouble when, back during the Roosevelt and Truman days particularly, the Congress was a "me, too" Congress and did everything those two gentlemen asked to have done.

Mr. CLARK. I hope my friend will agree with me that we do not want the 86th Congress to be a "me, too" Congress.

Mr. CAPEHART. That is my position exactly. The fiscal policy is our responsibility and not the responsibility of the President. We ought to consider his budget and we ought to consider the facts which he submits, and then we ought to use our own good judgment. We ought to accept the responsibility 100 percent, because it is ours.

Mr. CLARK. I have no quarrel with the Senator at all. The Senator and I are in accord on that point. I think this is our responsibility.

I will say to my good friend from Indiana that in my humble judgment the President of the United States made a serious mistake in the national interest when he fixed the budget at $77 billion. I do not think that is a realistic figure.

Mr. CAPEHART. That may well be true. The law requires the President to fix some figure. He fixed the budget at $77 billion. It is up to the Congress, to the House and to the Senate, to decide what the budget ought to be, and Congress should decide it. Congress is responsible to the people, and responsible only to the people.

Mr. CLARK. I hope my good friend from Indiana will also agree with me that when—as I think in all likelihood we will—we exceed the $77 billion, it will also be the responsibility of the Congress to find revenues to balance the budget.

Mr. CAPEHART. I agree with the Senator 100 percent on that.

Mr. CLARK. I think that is a question of "political guts" and we might as well face up to it.

Mr. CAPEHART. I am not one who subscribes to the idea that every bill should be cut. I think with reference to the particular bill under consideration we could take some money from it, and we have done so. Perhaps we could take more, but we have not. It does not necessarily follow, though, that the next bill which comes up for consideration

should be cut. Good common horsesense might dictate to us there should be an increase.

I do not say that every bill which we consider requires a cut of expenditures. We should not necessarily follow every suggestion to cut. At times it might be good common horsesense to increase expenditures, if the facts indicate that is the proper thing to do. However, wherever we can we should cut expenditures if we are not interfering with the end results or hurting the project. I think in those cases we ought to cut expenditures.

There perhaps will be times when it will be good business and good sense to provide an increase in expenditures. I do not say we should always make cuts, any more than we should provide increases. I say that we ought to take the responsibility, because it is ours. Only we can do anything about the matter.

Mr. CLARK. I think the Senator is correct.

Mr. CAPEHART. The President cannot do anything about it. There are only 98 Senators and 436 Members of the House of Representatives who have the responsibility.

Mr. CLARK. I think the Senator is correct, but I will point out that the President got us off to a very bad start by proposing an inadequate budget. I look forward to the day when my good friend from Indiana will join me in sponsoring the Capehart-Clark "Let's close the tax loopholes" bill.

Mr. President, the second item in this morning's paper bearing on this subject was Mr. Walter Lippmann's column. I ask unanimous consent that excerpts from the column published this morning be printed in the RECORD at this point in my remarks.

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

The fatal error lies in the decision of the President to make the paramount issue of the present time a Federal budget balanced at the existing level of taxes, along with a promise of a reduction of taxes before the next presidential election. We are approaching one of the great climaxes of the cold war and the President's decision about the paramountcy of the budget reflects a failure to understand the nature of the cold war.

It makes suspect all the military estimates in the budget. For it is no part of the law of the land, or of that moral law which the President frequently invokes, that the existing tax structure cannot be raised and should be lowered. To insist on such a dogma about taxes is to tell the people and the world that national defense is not the first but only the secondary consideration in this government.

What should be done about it? It should be said in no uncertain terms that defense has the first priority. If the President will not say it, perhaps Congress itself should say it by resolution. There should then be a substantial increase in the military appropriations, an increase sufficient to put us back into the missiles race. Then an increase of taxes should be voted in order to balance this larger budget.

I am aware that the extra money invested in making more of the existing missiles may be "wasted"—wasted in the sense that these missiles will soon be obsolete and good only for the junk pile. But the race of armaments is in the same sense inherently wasteful since the objective is to make weapons which will never be used and will soon be obsolete.

Nevertheless we are in a race of armaments. It would be a great day for mankind if it could be ended. But if the race is to be ended, this will be done only if and when we are able to reach general political settlements with the Communist powers. The race of armaments cannot be ended or suspended merely because we wish to balance the budget without raising taxes or because it would be good politics to reduce taxes before the next election.

Mr. CLARK. Mr. President, the point which Mr. Lippmann makes is the one which I have been making:

The fatal error lies in the decision of the President to make the paramount issue of the present time a Federal budget balanced at the existing level of taxes, along with a promise of a reduction of taxes before the next presidential election. We are approaching one of the great climaxes of the cold war, and the President's decision about the paramountcy of the budget reflects a failure to understand the nature of the cold war.

Also, Mr. President, this decision makes it difficult to deal with the needs of our domestic economy—the need to refurbish the public sector of the economy, to go forward with programs of housing, education, water resources, and the like. Every individual who gives these matters even the most casual study will have to conclude we cannot do what is needed at a budget level of $77 billion. I will be the first to join with any other Member of this body to cut out unnecessary waste, but I simply do not think this can be done.

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

Mr. CLARK. I am glad to yield to my friend from Wisconsin.

Mr. PROXMIRE. Is there not another way in which we can help balance the budget? Would it not be possible for our Federal Government to follow policies to encourage growth?

Of course I recognize an urban renewal program adopted by the present Congress could not help balance the budget for at least 3 or 4, or possibly 5 or 6 years. Nevertheless, is it not true that if we are going to be able to balance the budget at reasonable rates of taxation in the future and if we are going to be able to provide for the defense which is so necessary at this time, it is essential that our Federal Government adopt policies which provide for long-term growth?

Mr. CLARK. The Senater is eminently correct. If the Senator will permit me to continue for a moment, I think one of the great blots on the record of the Eisenhower administration is that during the 6-year term of office of the administration the rate of growth has slowed down to a very slow walk—I believe only 1 or 2 percent each year—whereas before the present administration took over the growth rate was approximately 3 percent. I think we all believe the growth rate could be brought up to 5 percent. We are faced with the stark reality that the Russian growth in gross national product is at a rate of 10 percent.

Mr. PROXMIRE. The Senator is exactly correct. There has been a great deal of talk in the Senate and by many commentators as to the dangerous difference between the Russian economic growth and the American economic growth, but there has been very little talk about precisely and exactly what the Federal Government can do to encourage growth.

I should like to suggest that the Federal Government should develop the capital assets and growth assets of this country by encouraging construction of dams, power sites, rivers and harbors improvements, and research particularly in agriculture; but, so far as our cities are concerned, and particularly so far as the section of the country from which the Senator from Pennsylvania and the Senator from Wisconsin come is concerned, the obvious and perhaps the preeminent way in which the Federal Government today can promote growth is through the adoption of an urban renewal program which will enable the cities to rebuild their blighted and slum areas.

Mr. CLARK. The Senator is entirely correct.

Mr. PROXMIRE. It is not true that the amendment of the Senator from Pennsylvania is likely to be one of the key amendments—perhaps the key amendment—to be considered in the present Congress for a determination of whether Members truly believe the Federal Government should take leadership in providing for long-term economic growth, so far as the great metropolitan centers of our country are concerned, in which centers 65 percent of our people live?

Mr. CLARK. I think the Senator is absolutely correct, and I think the question which confronts us with regard to the bill presently under consideration is whether we are going to finish what was started by former Senator Taft, former Senator Wagner, and the Senator from Louisiana (Mr. ELLENDER), or whether we are going to quit halfway down the road and accept a course whereby we permit our blighted areas to continue to grow faster than we are able to weed out slums and blight.

That is the issue, as I see it, between the provision for urban renewal in the pending measure and the provision in the amendment which I shall shortly offer.

Mr. President, at his press conference yesterday, President Eisenhower had some things to say in defense of his $77 billion budget and his reluctance to ask for any increased revenues, beyond a nominal amount. I think it is well worth while, in the context of the President's press conference, to recall what several of the leading economists of this country said when they testified before

the Joint Economic Committee last Friday. Five of the six distinguished economists who appeared before the committee were in accord that taxes should be raised right away and that to do so would be salutary.

One of them, Herbert Stein, of the Committee for Economic Development, began his testimony with these words: "What this country needs is a general tax increase."

Paul A. Samuelson, who has written a definitive textbook on economics used in our schools and colleges, said: "Instead of pressing for massive tax reductions at this time, Congressmen and Cabinet officers should be alert to the possibility that it could become desirable in the year ahead to begin to worry about raising tax rates in the interest of overall stability."

For myself, I do not believe a general tax increase is necessary. Certainly the minor budgetary implications of this bill could be met with additional revenues by closing any one or more of half a dozen tax loopholes, the inequity of which comes close to being a national disgrace.

In that connection, I invite the attention of Members of this body to a memorandum which appears on page 285 of the hearings before the Committee on Banking and Currency. The memorandum is entitled, "A Tax Program for 1958." It was prepared by economists of the American Federation of Labor and the Congress of Industrial Organizations. While I do not vouch for the accuracy of their figures, I will say that the men who work in the economic section of that great labor organization are qualified economists, well trained, and generally know what they are doing.

I should like to quote their recommendations for recapturing needed revenue by eliminating loopholes and tax escape clauses in the Federal income tax laws. They say:

A total of $9.1 billion in revenue could be raised by the following measures (the approximate amount of revenue to be recaptured is shown in parentheses after each item):

I ask unanimous consent that the entire memorandum, of which paragraph 3 deals with tax loopholes, be printed in the RECORD at this point.

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

A TAX PROGRAM FOR 1958

1. Tax relief for low and moderate income families.—This is a basic need at the present time. While there are several ways of achieving this result, perhaps the simplest and most preferable would be, as a first step, to raise personal individual exemptions from $600 to $700.

2. Eliminate the requirement that workers pay income taxes on their contributions to Government retirement funds.—One very special tax problem of workers is the fact that the present law forces them to pay income taxes on income which is actually used to contribute to various Government retirement systems (old age and survivors insurance, civil service, and railroad retirement). This inequity should be eliminated by excluding these contributions from income for income tax purposes and from wages for withholding purposes. However, there should be an upper limit of $500 placed on the amount of contributions that could be thus excluded from income.

3. Recapture needed revenue by eliminating loopholes and tax escape clauses in the Federal income tax.—A total of $9.1 billion in revenue could be raised by the following measure (the approximate amount of revenue to be recaptured is shown in parenthesis after each item):

(a) Repeal the special tax relief granted to dividend income by the Revenue Act of 1954 ($400 million).

(b) Require withholding taxes on the payment of dividends and interest ($300 million).

(c) Repeal excessive depletion allowances and remove from such tax privileges many of the metals and minerals now covered ($1,300 million).

(d) Tighten the capital gains tax structure by lengthening the holding period of long-range gains and increasing considerably the 25 percent tax rate. Remove from capital gains treatment the many types of income not originally included ($1,000 million).

(e) Repeal the new depreciation provision of the 1954 Revenue Act ($1,300 million).

(f) Eliminate the advantage given upper income married couples and heads of households by the income-splitting provision ($3,500 million).

(g) Eliminate the family partnership provisions which are designed to reduce individual income taxes ($100 million).

(h) Eliminate stock option privileges designed to circumvent payment of taxes ($100 million).

(i) Repeal the tax-exempt status of State and local bonds ($100 million).

(j) Eliminate the carry-back, carry-forward provision of the corporate income tax which grants special tax windfalls to purchasers of corporations with heavy losses ($100 million).

(k) Make the estate and gift taxes a more effective source of revenue by eliminating life estate provisions and by combining estate and gift tax exemptions as well as reducing the total level of exemptions ($1,000 million).

4. Ease the tax burden on small corporations.—This can be done by changing the two component rates of the corporate tax structure. Rather than a 30 percent normal rate and a 22-percent rate on all income above $25,000, the normal rate could be lowered to 25 percent while at the same time correspondingly raising the surtax rate. The total rate would remain the same, but some measure of relief would be granted to small corporations.

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

Mr. CLARK. I am happy to yield to my good friend from Tennessee.

Mr. GORE. One of the items of tax favoritism is the foreign tax credit. I do not know whether that is referred to in the statement to which the Senator has alluded.

Mr. CLARK. No; that is not referred to in the memorandum, but I think it is an additional factor which should be given careful consideration by the Senate. It affects largely the oil companies, does it not?

Mr. GORE. It affects the oil companies, but it also affects all businesses which are American-owned, but which do business abroad. Under this provision there are a number of American concerns with very large profits, which pay virtually no taxes to the U.S. Government.

Mr. CLARK. The Senator, as an eminent member of the Finance Committee, is well aware of that fact. I hope his committee will bring the facts forward during the course of the current session.

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

Mr. CLARK. I am happy to yield.

Mr. GORE. With that brief reference to sources of additional revenue, I invite the attention of the able Senator to a way by which vast savings could be made.

In 1945, the year when World War II closed, the U.S. Government had a public debt of $258 billion. The interest paid on the public debt for that year was $3,621 million. President Eisenhower estimates in his budget that in 1960 we shall have a national debt of $283 billion and he requests $8,100 million to pay the interest on that debt.

Mr. CLARK. Will my friend explain to us how that increase occurred during the Eisenhower administration?

Mr. GORE. It has occurred by reason of a deliberate policy of our Government to raise interest rates, to increase the income from interest, not only on governmental obligations, but also on private debt.

Mr. CLARK. Does the Senator see any justification for that policy?

Mr. GORE. I would not say that I see no justification. On balance, I say it is very unjustified. I would have to define the word "justification." I see vast benefits accruing to certain people from this policy.

Mr. CLARK. I am talking about the national interest, not individual interest.

Mr. GORE. The national interest is adversely served by this policy.

Mr. CLARK. What does my friend think about the defense of our friends on the other side of the aisle, that high interest rates are necessary to prevent inflation?

Mr. GORE. One of the most inflationary elements in our national economy is the trend toward higher and higher interest rates. One of the principal costs of doing business is interest on borrowed money. How can we avoid price increases when the cost of doing business is continually increased by an inflationary interest spiral?

Mr. CLARK. I thank my friend.

Mr. GORE. Here is a difference between $3,621 million interest on public debt in 1945 and $8,100 million estimated for 1960. A realistic monetary policy on the part of our Government designed to serve the public interest, would save vastly more money for the American taxpayer every year than the annual cost of the pending bill.

Mr. CLARK. There is no question about that. I invite the attention of my friend, as I have done on previous occasions, to the fact that the United States is the only government in the world whose central government does not control its banking system through a central bank which is subject to the jurisdiction of the government, and not to that of an independent board of bankers.

Mr. CAPEHART. Mr. President, will the Senator from Pennsylvania yield to me in order that I may propound a question to the Senator from Tennessee?

Mr. CLARK. I am glad to yield.

Mr. CAPEHART. The question I should like to ask the able Senator from Tennessee is this: What rate does he think the Government should pay at the moment on its bonds and borrowings?

Mr. GORE. Mr. President, will the Senator from Pennsylvania yield to me?

Mr. CLARK. I am happy to yield.

Mr. GORE. If the Senator from Indiana is making reference—as I presume he is—to the pending bill——

Mr. CAPEHART. I am making reference to the fact that the Senator from Tennessee said the public debt was $258 billion in 1945, and is estimated to be $283 billion for 1960. The Senator used some figures showing that the interest rate in 1949 was costing about $4 billion a year, whereas it is now costing $8 billion.

My question is, Where would the Senator set the interest rate on Government bonds? Would he increase it to any extent over the rate which prevailed in 1945? Where would he place it?

Mr. GORE. In the first place, the junior Senator from Tennessee is not the Secretary of the Treasury; nor is he a member of the Federal Reserve Board.

I would not be able to answer the able Senator from Indiana in an offhand manner as to the exact interest rate which Government obligations should now bear.

Mr. CAPEHART. Does the Senator believe that it should have been increased at all?

Mr. GORE. I would have to think about that.

Mr. CAPEHART. The Senator also made the statement and left the inference that this was a policy which was deliberately brought about by the administration.

Mr. GORE. Does the Senator not believe that?

Mr. CAPEHART. I never heard anything which, in my opinion, was as nonfactual as that statement.

Mr. GORE. Does the Senator believe it to be an accident? Does the Senator think it is an accident that in the past 12 months we have had a drastic reduction in the interest rate on Government bills, and that, later during the same period, we have had a most drastic increase in the interest rate on these bills? Does the Senator believe that it just happened that way, without plan or action by anyone?

Mr. CAPEHART. The Senator does not understand how these matters are handled. The Government sells these bonds——

Mr. GORE. As I understand, the Senator says that it is not by design, that it is not by plan, but that it just happened to be so. How does the Senator understand it happened?

Mr. CAPEHART. The Senator's inference was that there was some sinister motive behind it. I say to the Senator that that is the most nonfactual statement that I have ever heard made on the floor of the Senate. It is not sinister. The Government is paying the going rate of interest on its bonds. The Senator, in my opinion, is merely trying to appeal to the emotions of the people.

There is one other question I should like to ask. The Senator said that someone is getting this interest. I should like to ask, who owns the bonds of the U.S. Government?

Mr. GORE. Before I answer the second question, I should like to inform the able Senator that I did not use the word "sinister."

Mr. CAPEHART. No; I used it.

Mr. GORE. Yes; the Senator used it.

Mr. CAPEHART. That was the Senator's inference.

Mr. GORE. But the Senator attributed it to me. The Senator has made statements which I will not characterize as the most nonfactual statements I have ever heard. However, I must characterize them as quite naive.

Now let the Senator ask his further question.

Mr. CAPEHART. My point was that the Senator was trying to leave the impression that there was something wrong with the fact that the interest rates had gone up.

Mr. GORE. I was not merely trying to leave the impression. I say it is wrong. It is a deliberate policy to raise the interest rates.

Mr. CAPEHART. Why does the Senator object to my using the word "sinister"? He says it is deliberate. That means it was planned, and that there was collusion.

Mr. GORE. Does the Senator say it was not planned?

Mr. CAPEHART. I say it 100 percent.

Mr. GORE. Then I see no point in arguing the question with the Senator.

Mr. CAPEHART. No one knows the truth of my statement better than the Senator. If he does not know it, then he absolutely does not understand how the U.S. Government sells its bonds and arrives at the interest rate. That is done in the open market. The Government pays no more and no less than the going rate. In every instance, the Government tries to sell its bonds at a rate of interest as low as it possibly can. For anyone to say that that is not true means that the person saying it does not understand how the matter is handled. It is an unfortunate situation that we should permit to go into the RECORD an accusation against such a gentleman as the Secretary of the Treasury at the present time and the gentleman running the Federal Reserve and other financial institutions in our country, that they are deliberately doing things to raise interest rates on Government bonds. It is a very unfortunate statement.

Mr. GORE. I find it quite difficult to believe that I am hearing what I am hearing. How could it be that without purpose, without plan, without deliberate action, in June of 1958, when the country was suffering a recession, the interest rate on Government bills was reduced to less than 1 percent, 0.881 percent; but that in December of the same year it was increased to 2.8 percent. That is more than a 200-percent increase in 6 months. Yet the senior Senator from Indiana says that this just happened, without purpose, without plan, and without action on the part of the Government of the United States. I wonder if the Senator could explain how it did happen.

Mr. CAPEHART. It happened in the same way that all prices in the United States go up and go down, and for the same reason that commodity prices go up. Three months ago I sold hogs on my farm at 22½ cents. I sold hogs last week at approximately 16 cents. That is a reduction of about 30 percent. I believe it was for the same reason that the Senator's salary has been increased during the last 10 years from $10,000 to $22,500 a year. The people who buy the bonds are the American people, and they pay for their bonds out of their savings. They are entitled to an increase in interest rates on their savings, because everything they buy—their food, clothing, automobiles, furniture—has gone up and up.

To say that the man with $10,000 who is willing to put the money into Government bonds should not have more interest paid to him than he received 10 years ago, when money—and possibly it is more than 10 years ago—was worth twice as much, is not being very realistic. The interest rate on bonds goes up and down with the market. The interest rate goes up with the cost of living. That is only fair, if we are to be honest with the people who save their money and have it available with which to buy Government bonds.

If the Senator wishes to take the position that the Government should freeze the interest rate, that is another matter. The Government could do it. The Government could freeze the interest rate. It could freeze wages and it could freeze prices. It could freeze all the other things. However, it is not right to say that the people who handle our financial affairs—the Secretary of the Treasury, and the other people who handle our financial affairs—would deliberately do things which would increase the interest rate. I do not believe there is any truth in that statement. They may use poor judgment, although I do not know about that. I do not believe they use poor judgment. However, when the Senator says that they knew what they were doing and that there was collusion, and that it was a deliberate action to increase the interest rate on Government bonds, I do not believe it.

Mr. GORE. I thank the senior Senator from Pennsylvania for yielding to me. The senior Senator from Indiana has just stated his knowledge and his understanding of this problem, and I am willing to have the RECORD stand as it is.

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

Mr. CLARK. I am happy to yield to my friend from Wisconsin.

Mr. PROXMIRE. I merely wish to say to my good friend from Indiana that if the Governors of the Federal Reserve Board have not planned what has been

happening to the interest rate ever since 1951, when the accord was reached, it seems to me that they should be prosecuted for taking their salaries under false pretenses.

This is their whole function, namely, to manage our monetary system. That has been my understanding. If that is not true, I will be delighted to have the Senator from Indiana disabuse my mind. The head of the Federal Reserve Board, Mr. Martin, made a series of speeches justifying their policy of raising interest rates some times and lowering them at other times, saying that it is our only useful weapon against inflation. That statement has been reported over and over again in financial publications. I would be delighted if the Senator from Indiana could tell me what the function of the Federal Reserve Board is if it is not to manage our monetary system.

Mr. GORE. Perhaps it is merely to record accidents that occur.

Mr. PROXMIRE. I thank the Senator.

Mr. CLARK. Mr. President, from this edifying discussion of high finance, I return to the prosaic discussion of expense accounts. This is an additional item of potential Federal revenue which I am confident, with proper attention by the Director of Internal Revenue, if we were to give him enough help, and if we made a very modest change in the existing law, would result in hundreds of millions of dollars, if not in excess of a billion dollars, of additional revenue. It might be revenue from the yacht builders. It might be from the distillers. It might make trouble in the Stork Club. It might be that one or two musical comedies in New York would close a little sooner than they otherwise would. But there would be an increase in the rate of tax collections. I hope that this loophole, which is not one of those mentioned in the list inserted in the RECORD a short time ago, will be fully explored.

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

Mr. CLARK. I yield.

Mr. GORE. That is a loophole, not written into the law, but arising from lax administration of the law.

Mr. CLARK. The Senator is absolutely correct. If the Eisenhower administration would merely enforce the law, this additional large sum of money could be picked up without hurting anyone, with the exception of, possibly—and I say this in lighter vein, with all due respect to the Senator from Indiana—a few contributors to the Republican Party.

Let me say a word about some of the folklore which surrounds the subject of public spending. Perhaps on no other topic in our time has there been spoken so much nonsense.

The timid, who fear additional public spending, are the victims of five main fallacies.

The first fallacy is that private spending is inherently good and that public spending is inherently bad. This is nonsense.

It is thought that when a man buys a Cadillac there is something morally just and right about it; but that when a city builds a school, that is something which should be looked at with some concern, because it is public rather than private spending.

The second fallacy is that the Federal Government is crushing our people and endangering the economy with a growing burden of taxes, expenditures, and debt, and that this threatens the health of our free enterprise system. This, too, is nonsense. The fact is that in relation to our gross national product these burdens have been growing lighter—not heavier.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD, a table, based on data from the economic report of the President of January 1959, showing the relation of Federal debt to gross national product during the years 1945 to 1957, inclusive.

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

Relation of Federal debt to gross national product, 1945–57

Calendar year	Total gross national product	Gross public debt and guaranteed issues at end of period [1]	Ratio of debt to GNP
	Billions	*Billions*	*Percent*
1945	$213.6	$278.7	130
1946	210.7	259.5	123
1947	234.3	257.0	110
1948	259.4	252.9	97
1949	258.1	257.2	100
1950	284.6	256.7	90
1951	329.0	259.5	79
1952	347.0	267.4	77
1953	365.4	275.2	75
1954	363.1	278.8	77
1955	397.5	280.8	71
1956	419.2	276.7	66
1957	440.3	275.0	62
1958 (preliminary)	436.7	283.0	65

[1] A small portion of the amounts shown in this column are not subject to the debt limit.

Source of data: Economic Report of the President, January 1959.

Mr. CLARK. Mr. President, Senators will see, from this table, that in 1945 the gross national product was $213.6 billion; that the gross national debt was $278.7 billion; and in that year our national debt was 130 percent of the gross national product.

In 1958, the preliminary figures show that the gross national product was $436.7 billion; that the gross national debt was $283 billion, and that the ratio of the debt to the gross national product had decreased from 130 percent to only 65 percent.

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

Mr. CLARK. I yield.

Mr. PROXMIRE. Those are very interesting figures. Was the first year 1935?

Mr. CLARK. No; 1945.

Mr. PROXMIRE. And the last year was what?

Mr. CLARK. The last year was 1958.

Mr. PROXMIRE. So this has taken place in only 13 years?

Mr. CLARK. The Senator is correct. In other words, the expansion of the gross national product has been continuous, whereas the increase in the national debt has been relatively slight.

Mr. President, I ask unanimous consent that a second table prepared from data in the same Economic Report of President Eisenhower, of January 1959, entitled "Trend in Governmental Revenues in Relation to Gross National Product," may be printed at this point in the RECORD.

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

Trend in governmental revenues in relation to gross national product

[Dollars in billions]

Fiscal year	Gross national product	Federal budget receipts	Percentage of gross national product	State and local revenues	Percentage of gross national product
1946	$211.4	$39.8	18.8	$11.5	5.4
1948	224.8	41.5	17.0	15.4	6.3
1950	271.2	36.5	13.5	18.4	6.8
1952	336.8	61.4	18.2	22.6	6.7
1953	354.3	64.8	18.3	24.4	6.9
1954	362.2	64.7	17.9	26.0	7.2
1955	376.5	60.4	16.0	27.9	7.4
1956	403.2	68.2	16.9	31.3	7.8
1957	432.1	71.0	16.4	34.5	8.0
1958	434.8	69.1	15.9	(1)	(1)

[1] Not available.

Source of data: Economic Report of the President, January 1959.

Mr. CLARK. Mr. President, we find from that table that in 1946 the Federal Government took in revenues 18.8 percent of the gross national product, whereas in 1958 Federal revenues had sunk to 15.9 percent of a much larger gross national product.

So, in effect, the Federal Government was tapping the operating wealth of America, the receipts of America, the gross national product, to the tune of almost 3 percent less last year than was the case in 1946.

In considering this bill, and the ability of the States and local governments to meet their needs for good housing, for slum clearance, and for urban redevelopment, it is quite significant to note that from 1946 through 1957 State and local revenues had tripled, rising from $11.5 billion to $34.5 billion, and that the percentage of the gross national product taken by State and local governments had risen from 5.4 percent to 8 percent.

This increase emphatically indicates the enormous additional load placed on the cities and States during the years since World War II.

This table, I believe, contains convincing evidence that the States and localities are bearing more than their fair share of the load, and the Federal Government is perhaps not bearing anything like enough.

Mr. President, I ask unanimous consent that a third table prepared from data in the Economic Report of the President of January 1959, which shows the declining Federal share in the total tax burden, be printed at this point in the RECORD.

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

The declining Federal share in the total tax burden

Fiscal year	State and local revenues [1]	Federal budget receipts	Total	Federal share
	Millions	*Millions*	*Millions*	*Percent*
1946	$11,502	$39,771	$51,273	77
1948	15,390	41,488	56,878	73
1950	18,425	36,495	54,920	66
1952	22,615	61,391	84,006	73
1953	24,436	64,825	89,261	73
1954	26,047	64,655	90,702	71
1955	27,942	60,390	88,332	68
1956	31,332	68,165	99,497	69
1957	[2] 34,472	71,029	105,501	67

[1] Total revenue less revenue received from Federal Government, and less receipts from publicly owned utilities, liquor stores and insurance-trust activities.
[2] Preliminary.
Source of data: Economic Report of the President, January 1959.

Mr. CLARK. Mr. President, I point out that in 1946 the Federal share of the total tax take was 77 percent, whereas in 1957 the Federal share of the total tax take had decreased to 67 percent. I believe those figures further demonstrate that it is a fallacy to say that the Federal Government is crushing our people and endangering the economy, and that the States and localities are not bearing their fair share of the total load necessary to keep America strong at home.

The third fallacy is the notion that Federal spending is inflationary. Government spending is no more inflationary than private spending, provided the Government balances its budget. But even additional deficit spending is inflationary only when the demand for goods and services exceeds supply—a condition which clearly does not exist today with our production at only 75 percent of capacity or less, and unemployment still at intolerable levels—11 percent of the total labor force in my State.

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

Mr. CLARK. I yield.

Mr. LONG. Did it ever occur to the Senator that there is really no pressure on and no shortage of goods and services? They are all available, mostly at reasonable prices. But what is really keeping inflation going is that certain industries are organized in such fashion that the leaders of those industries can simply raise prices whether their action is justified or not.

Mr. CLARK. The Senator is referring, I assume, to the well-known wage-price spiral in the so-called administered price industries. That is, I agree, certainly one of the most significant factors that contribute to inflation.

Mr. LONG. Certainly in the major industries, the ones which have led the way in the trend to inflation, there is not the price competition which should be a part of the American competitive system.

Mr. CLARK. I agree with the Senator from Louisiana.

Mr. LONG. That, in my judgment, is what is causing inflation. To raise interest rates on veterans housing or to raise interest rates on the public debt on the theory that inflation will be stopped is simply adding fuel to the fire, if we ignore the real cause of inflation.

Mr. CLARK. I think the Senator has made an excellent point.

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

Mr. CLARK. I yield.

Mr. PROXMIRE. I support enthusiastically the point made by the Senator from Lousiana. An excellent study by Gardner Means documents this subject beautifully. It shows that in industries which are administered, in which there is tremendous power, coupled with strong unions, prices have increased rapidly since 1953.

In industries which are not so situated, particularly the processors of farm products and the manufactures of textiles, prices have fallen. It is clear that this is not the usual kind of monetary inflation, with an excess of demand chasing a scarcity of goods, because if that occurs, we shall be confronted with what confronted us from 1944 to 1953—namely, all prices rising.

But that has not been had at all. Instead, there has been a selective inflation, a kind which cannot be dealt with at all by controlling monetary inflation. That is a point we must remember.

Mr. CLARK. I thank my friend.

Mr. President, the fourth fallacy is that all Federal expenditures called for by the budget are alike. There is a tendency to see no difference between a loan, which is sure to be repaid with interest, and an expenditure for personal services or the purchase of supplies and materials, which comes back only in part to the Government, through the income tax. I am confident that the intelligent people who comprise this body will distinguish, for purposes of public discussion, between operating expenses, loans which create account receivable, and investments made in national wealth. Every cent called for by this particular bill will, in the long run, either be repaid with interest or will create taxable wealth far in excess of the Federal investment.

Mr. PROXMIRE. Mr. President, at this point will the Senator from Pennsylvania yield again to me?

Mr. CLARK. I yield.

Mr. PROXMIRE. I hesitate to interrupt the Senator from Pennsylvania, because he is making an excellent speech. But this point cannot be stressed too often: It is extremely important to differentiate between spending as a result of grants, which are not returned, and spending on the basis of loans.

Furthermore, the Bureau of Internal Revenue does not operate in this way. If we try to tell the Bureau of Internal Revenue that our loans are expenditures, and that we would like to subtract them from our income, for tax purposes, consider how far we would get. Obviously we would not get very far at all.

So I believe we should stress the point the Senator from Pennsylvania is making—namely, that we need an effective budget, because it must be made very clear to the American people that this bill simply calls for investments—not spending—by their Government.

Mr. CLARK. Certainly the Senator from Wisconsin is correct. Again I point out that there is not one well-run city in the Nation that does not differentiate between its capital budget and its operating budget; and I do not know of any well-run business that does not do so, as well. So far as I know, the only governmental unit in the world that does not make that distinction is the Government of the United States; and I believe it is time it did make that distinction.

I believe that it was stated on the floor of the Senate, the other day, that in the magazine U.S. News & World Report there has appeared an article which indicates that if the Federal budget were redrawn, so as to separate loans, on the one hand, from operating expenses, on the other, not only would the budget be balanced, but a substantial surplus would actually be shown.

Indeed, the testimony taken by the committee establishes that every dollar of Federal expenditure under the urban-renewal program generates from $3 to $15 of additional private expenditure which, in its turn, creates taxable income for the Federal Government.

Mayor Dilworth of Philadelphia testified that, in his city, $10 of private expenditure for each dollar of governmental expenditure in the urban-renewal program could be clearly established. Thus does tax money expended in the public sector of the economy reproduce itself many times over in additional private tax-generating payments.

Mr. PROXMIRE. Mr. President, will the Senator from Pennsylvania yield at this point?

Mr. CLARK. I am happy to yield.

Mr. PROXMIRE. I wonder whether the Senator from Pennsylvania, who, when he was the mayor of Philadelphia, had so much experience in connection with this matter, will describe the tax situation in the case of such cleared lands.

Mr. CLARK. Of course, in Philadelphia, applications for urban-renewal funds will be made for two purposes: First, to replace quite a number of unsightly dwellings and slums; second, to renew a number of very historic old houses which were built shortly after William Penn first founded Philadelphia.

In the case of one of those old houses, the land around it has already been cleared. The shell of the house still stands, and has been bought by Mayor Dilworth himself; and he has spent in the neighborhood of $100,000 of his own money to fix it up. This is a good example of how private spending goes into the economy through an urban-renewal program.

The same is true of other private developments. For instance, our merchants and our good citizens of Philadelphia have pledged themselves to spend $250 million of private funds for the rehabilitation of the central or core area of our city, including the creation of a brandnew residential area in what used

to be called the Old Philadelphia district, where William Penn and the other early settlers lived.

Mr. PROXMIRE. And this $250 million will go to the other side of the budget, will it not?

Mr. CLARK. Of course; it will go to builders, lumber dealers, and so forth; and, therefore, much of it will be returned to the Federal Government in the form of taxes as a result of the creation of wealth where nothing but blight existed before.

Mr. PROXMIRE. So this is an unusual kind of Federal grant, inasmuch as each dollar of Federal grant also generates from $3 to $15 of private funds; and those amounts in the aggregate are taxed. The economists tell me that for every $5 of income, the Federal Government obtains $1 of revenue. So, in that sense, this program comes very close—although perhaps it does not balance completely—to being self-liquidating.

Mr. CLARK. The Senator from Wisconsin is correct; and, of course, he has mentioned the enormous increase which has occurred in the local tax base, which comes from the same investment.

The fifth fallacy is the notion that if the Federal Government pushes its functions back to the States and cities, that will constitute sound finance and, indeed, economy. It is hard to see how economy will result at all if the functions are performed. In that event, the question is simply which taxing system is used and which level of government carries out the administration. In urban renewal, administration is decentralized and Federal controls are not oppressive; and this bill includes provisions which give municipalities even greater flexibility. But we have retained the Federal share of the cost at two-thirds. To lower the Federal share—as the administration desires—would only shift the burden from the Federal tax system, which is more equitable, to the property and sales taxes imposed by the States and municipalities; which are regressive. That the Federal tax structure is superior is hardly open for serious discussion. The Federal tax burden falls evenly across the land. Taxpayers cannot ordinarily threaten to flee the Nation, as they can flee a city or a State. Where the choice exists, there are many good reasons to use the Federal system in preference to those of the States and localities.

But even if this were not true, it is folly to expect State and local governments to pick up any significant part of the tab which the Federal Government rejects. Two days ago, in the Senate, the eminent and respected senior Senator from Montana, Mr. MURRAY, whom I am happy to see in the Chamber at this time, demolished that particular fallacy. He said:

> The administration does not seem concerned over the difficulty State and local governments have in meeting even present obligations—difficulties which in many cases are greater than those faced by the Federal Government. Nor does the administration seem concerned about some of the real problems in this country which must be met by government—Federal, State, or local.

Senator MURRAY, in quoting from the January, 1959, issue of the Monthly Review, published by the Federal Reserve Bank of Atlanta, cited some disturbing figures about the increase in State and local indebtedness. The outstanding debt of all State and local governments in the United States will amount to approximately $55 billion at the end of the fiscal year 1959. This figure is 3.5 times the amount in 1945. $26 billion of the $38 billion rise in total debt during this period has been in the debt of local government. Despite this fact, the rise in State debt has been more rapid. At the end of 1945, obligations of State governments accounted for 15 percent of the combined State and local debt. By the end of fiscal 1958, State debt had risen to 27 percent of the total.

Quoting from the January, 1959, issue of the Monthly Review published by the Federal Reserve Bank of St. Louis, Senator MURRAY stated:

> It has become part of the folklore of the country that we have a tremendous Federal debt and that it has been continuously growing. The facts are that it has not grown on balance for over a decade, that relative to the growth in the rest of our financial structure the national debt has declined to only half the size reached at the end of World War II, and that it is at its most manageable size in nearly 2 decades.

Mr. PROXMIRE. Mr. President, will the Senator yield for one quick point?

Mr. CLARK. Yes.

Mr. PROXMIRE. Is it not true that the debt is even less burdensome, if we also allow for the lesser value of the dollar and for the per capita consequences, that is, the fact that this is now a much larger country, and many more people have been added to the population in the period the Senator is discussing, and the fact that the value of the dollar has diminished in value?

Mr. CLARK. I may point out that we are talking of gross national product also in terms of a devalued dollar, so the other side of the equation comes into play.

Mr. PROXMIRE. I am glad the Senator has corrected me; but I am referring to the debt in per capita terms, which is so often forgotten in these discussions.

Mr. CLARK. That is correct. The Senator will recall that I asked the Federal Reserve Board to furnish me figures with regard to the per capita increase in the gross national product. I had hoped to put those figures into the RECORD today.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point in my remarks a table prepared from data in the Economic Report of the President of January 1959, entitled "Increase In State and Local Indebtedness Since World War II."

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

Increase in State and local indebtedness since World War II

State and local debt

Year (as of June 30):	Billions of dollars
1946	13.6
1948	16.2
1950	20.7
1952	25.8
1953	28.6
1954	33.4
1955	38.4
1956	42.7
1957	46.7
1958 (prelim.)	50.9

Source of data: Economic Report of the President, January 1959.

Mr. CLARK. I call to the attention of my colleagues the fact that as of the fiscal year 1946, State and local indebtedness amounted to $13.6 billion, whereas the preliminary figures for fiscal 1958 show that the debt has increased to $50.9 billion.

Finally, Mr. President, let me say a word about the condition of our American cities, in which a majority of all Americans now live. They are oppressed with the failure to meet the critical problems of sprawling metropolitan areas; their traffic and transportation problems are becoming so serious that strangulation of their economic growth is already under way. Their shelter and housing problem is critical. The financial resources of these local governments and of the States in which they are located are incapable of dealing successfully with these problems without the massive aid of the Federal Government. What we need is more, not less, support for the urban areas of America. The great domestic problems in the second half of the 20th century are urban problems. We are no longer a predominantly rural society.

This bill, if properly amended on the floor, will go far toward enabling the Federal Government to measure up to its responsibilities toward those citizens and local governments which are in drastic need of help.

I turn now to my amendments to the pending bill. I should like to speak briefly first to my amendment identified as 2–3–59—E, which I ask to have printed in the RECORD at this point.

The PRESIDING OFFICER. Is there objection?

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

At the end of the bill to insert a new title as follows:

"TITLE VIII—RELOCATION HOUSING FOR DISPLACED FAMILIES OR PERSONS

"SEC. 801. (a) The purpose of this title is to assist private nonprofit corporations to provide relocation housing and related facilities for displaced families, or persons, of low or moderate income.

"(b) In order to carry out the purpose of this title, the Administrator may make loans to any corporation (as defined in section 804(2)) for the provision of rental housing and related facilities for displaced families, or persons, of low or moderate income, except that (1) no such loan shall be made unless the corporation shows that it is unable to secure the necessary funds from other sources upon terms and conditions equally as favorable as the terms and conditions applicable to loans under this title, and (2) no such loan shall be made unless the Administrator finds that the construction will be undertaken in an economical manner, and

that it will not be of elaborate or extravagant design or materials.

"(c) A loan to a corporation under this title may be in an amount not exceeding 98 per centum of the total development cost (as defined in section 804(3)), as determined by the Administrator; shall be secured in such manner and be repaid within such period, not exceeding fifty years, as may be determined by him; and shall bear interest at a rate determined by him which shall be not more than the higher of (1) 2¾ per centum per annum, or (2) the total of one-quarter of 1 per centum per annum added to the rate of interest paid by the Administrator on funds obtained from the Secretary of the Treasury as provided in subsection (e).

"(d) To obtain funds for loans under this title, the Administrator may issue notes and obligations for purchase by the Secretary of the Treasury in an amount not to exceed $250,000,000 outstanding at any one time.

"(e) Notes or other obligations issued by the Administrator under this title shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the Administrator, with the approval of the Secretary of the Treasury. Such notes or other obligations issued to obtain funds for loans under this title shall bear interest at a rate determined by the Secretary of the Treasury which shall be not more than the higher of (1) 2½ per centum per annum, or (2) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the issuance of such notes or other obligations by the Administrator and adjusted to the nearest one-eighth of 1 per centum. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Administrator issued under this title, and for such purpose is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of such notes and other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public-debt transactions of the United States.

"SEC. 802. (a) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title the Administrator shall (in addition to any authority otherwise vested in him) have the functions, powers, and duties set forth in section 402 (except subsection (c)(2)) of the Housing Act of 1950.

"(b) The Administrator is authorized and directed to insure priority of occupancy to displaced persons or families in housing constructed with a loan under this title.

"SEC. 803. (a) Housing constructed with a loan made under this title shall not be used for transient or hotel purposes while such loan is outstanding.

"(b) As used in subsection (a), the term 'transient or hotel purposes' shall have such meaning as may be prescribed by the Administrator, but rental for any period less than thirty days shall in any event constitute use for such purposes. The provisions of subsections (f) through (j) of section 513 of the National Housing Act (as added by section 132 of the Housing Act of 1954) shall apply in the case of violations of subsection (a) as though the housing described in such subsection were multifamily housing (as defined in section 513(e)(2) of the National Housing Act) with respect to which a mortgage is insured under such Act, except that for purposes of this section the Administrator shall perform the functions vested in the Commissioner by such section 513.

"SEC. 804. As used in this title—

"(1) The term 'housing' means (A) new structures suitable for dwelling use by displaced families or persons, and (B) dwelling facilities provided by rehabilitation, alteration, conversion, or improvement of existing structures which are otherwise inadequate for proposed dwelling use by such families and persons.

"(2) The term 'corporation' means any incorporated private institution or foundation no part of the net earnings of which inures to the benefit of any private shareholder, contributor or individual, if such institution or foundation is approved by the Administrator as to financial responsibility.

"(3) The term 'development cost' means costs of construction of housing and of other related facilities, and of the land on which it is located, including necessary site improvement.

"(4) The term 'displaced families or persons' means families or persons who are to be displaced by construction, development, redevelopment, or renewal activity undertaken by any public body, or by the action of a public body or court, either through the enforcement of housing standards or through the demolition, closing, or improvement of dwellings, or who were so displaced within three years prior to making application for admission to dwellings provided pursuant to this title. The Administrator shall prescribe such regulations as may be necessary to prevent abuses in determining, under the definitions contained in this paragraph, the eligibility of families and persons for admission to, and occupancy of, housing constructed with assistance under this title.

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

"(6) The term 'Administrator' means the Housing and Home Finance Administrator.

"(7) The term 'construction' means erection of new structures, or rehabilitation, alteration, conversion, or improvement of existing structures.

"(8) The term 'family or person of low or moderate income' means any family, or person, whose net income is insufficient to enable such family or person to obtain, without the assistance of this title, decent, safe, and sanitary housing accommodations in the locality at rentals within the ability of such family or person to pay."

Mr. CLARK. Mr. President, this amendment calls for a loan program of $250 million to be used for the purpose of mortgages up to 50 years in duration, with an interest rate around 3 percent, covering up to 98 percent of the cost of the development for the purpose of constructing relocation housing to take up a part of the load which will be coming on us as a result of urban redevelopment, slum clearance, the highway program, and other governmental action.

It was made abundantly clear during the hearings before the committee that the present sections of the housing law, namely, 221 and, to a lesser extent, 220, are just not working in terms of providing relocation housing for families displaced by redevelopment programs in the area east of the Mississippi and north of the Ohio River and the Mason-Dixon line.

I regret to say we shall find ourselves in a situation where the public housing law will not be adequate to take care of all these displaced families. Quite a number of them have incomes in the range of $4,500, $5,000, and $6,000 a year, and will be ineligible for public housing, but they will not be able to find safe and sanitary housing in the private market.

This program, if adopted by the Senate, will meet that problem, at least to the extent of $250 million, and would give us a pilot project for determining to what extent provision of middle-income housing would be of benefit to the country at large.

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

Mr. CLARK. I yield to the Senator from New York.

Mr. JAVITS. I should like to endorse as a personal finding the statement being made by the Senator from Pennsylvania. In my own State of New York, and particularly in the city of New York, there probably is a greater amount of urban renewal and other forms of redevelopment work taking place than in any other section of the country. The city is losing population, because people who are uprooted as a result of such redevelopment work, and who are middle-income people, find it cheaper to get a house in the country, which may be much more inconvenient in terms of their business or social life, but who are nevertheless compelled to do so by the economics of the situation.

This results in the city, which has provided tremendous utilities and other assets for its citizens, losing a population of, generally speaking, a highly desirable kind. I do not think that is in the interest of the United States. I deeply believe the kind of approach which has been suggested by the Senator from Pennsylvania is essential to meet that problem.

In New York we have authorized $150 million in loans by a State agency for just such a purpose, under the so-called Mitchell-Lama program. I believe it is an intelligent approach. We talked about balanced housing standards. Certainly, this is a way to obtain one.

I also point out that where it is money which represents the difference between the capability for extending housing to middle income families or not—and that is what it is; it is low interest money which makes it possible, nothing else—there we come into the Lincolnian concept of government. Lincoln said the Government should not do anything which the people could do for themselves better than the Government could; but if the people could not do it better for themselves, indeed could not do it for themselves at all, then the Government should do it. It seems to me this is the very area in which that concept fits.

Any doctrinaire idea that we should not make direct loans goes out the window, because we make them to the REA's we make them to farmers, we make them to many, many other segments of the population; but when it comes to the city dwellers, who pay most of the taxes, and who are 100 million strong, we suddenly get doctrinaire and full of principle and say, "No, not for them, not even a few million dollars"—compared to the hundreds of millions of

dollars which have gone in the other directions which I have named.

It is also important to point out that we are going to authorize some direct-loan money for veterans, under the provisions of the bill, and I thoroughly agree with that. We are probably going to authorize some direct-loan money for colleges, which is also needed.

I deeply believe the suggestions made in the amendment of the Senator from Pennsylvania are eminently sound.

I am not kidding myself, nor is the Senator from Pennsylvania. We may not get anywhere with this in the bill presently under consideration, but as sure as fate if we are going to continue to try to remake the face of America in terms of housing we must have, between public housing and housing which is largely attributable to Government guarantees of mortgages, this kind of program. Otherwise we will be disenfranchising in housing terms a material and very large section of the population.

I know the Senator from Pennsylvania and I will continue our effort along this line, because it is eminently needed and eminently correct. I congratulate the Senator for his initiative on this particular fight and the amendment.

Mr. CLARK. I thank my friend from New York for his support and for his kind comments. As the Senator said a moment ago, he and I are not kidding ourselves about the fate of the amendment.

This amendment was supported by a number of the mayors and other witnesses before our committee who live every day with the problems of urban housing.

I queried the representatives of the home builders, when they came before our committee. I asked them how they would like to build some houses under such a section, and they said—and I believe I quote them correctly—"It seems too good to be true." They were enthusiastically in favor of the proposal.

I point out again that the amount involved is relatively minor in comparison with the total Federal budget. It would create wealth and would destroy blight, and it would be sound fiscal policy to thus create wealth and help take care of the people who need to be relocated.

Mr. President, the matter was brought to a record vote in the committee. I am happy to say my good friend from New York [Mr. JAVITS] supported our position; as did the distinguished Senator from Wisconsin [Mr. PROXMIRE], who has been so active in the debate this afternoon; as did our good friend, the Senator from Illinois [Mr. DOUGLAS]; and myself; and the junior Senator from New Jersey [Mr. WILLIAMS].

However, there were twice as many members of the committee who disagreed with us. Since I am confident we could not prevail on a yea-and-nay vote, or on a voice vote, and since I do not wish unduly to detain the Senate in this regard, Mr. President, I now withdraw the amendment.

The PRESIDING OFFICER. The Senator has a right to withdraw his amendment.

Mr. CLARK. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. It is proposed to strike out section 305 of the bill and insert in lieu thereof the following:

SEC. 305. The first sentence of section 103(b) of the Housing Act of 1949 is amended to read as follows: "The Administrator, on and after July 1, 1949, may, with the approval of the President, contract to make capital grants, with respect to projects assisted under this title, and to make grants pursuant to subsection (c) of this section, aggregating not to exceed $1,350,000,000, which limit shall be increased by $600,000,000 on the date of the enactment of the Housing Act of 1959 and on July 1 in each of the years 1959 to 1967, both inclusive: *Provided*, That such limit and any such authorized increase therein, may be increased, at any time or times, by additional amounts aggregating not more than $150,000,000 if such action is necessary to meet the needs of pending bona fide applications on file with the Administrator: *Provided further*, That the amount of capital grants contracted for under this title prior to July 1, 1968, shall not exceed an aggregate of $7,350,000,000."

Mr. CLARK. Mr. President, the amendment would increase the urban renewal grant authorization program, which is now without money, in the amount of $600 million a year for a period of 10 years. This is the amount which in my judgment, and in the judgment of our municipal officials, is essential to keep the urban renewal program going at full blast now that it has gotten off the ground. I have no doubt every cent would be utilized for the creation of wealth.

We must again be sure we understand that from 3 to 5 years elapse after the grant authorization is issued before any Federal money is spent, and that probably 17 years would pass before the last Federal money would be spent under this authorization. This amendment would have no impact whatever on the current budget, on the 1960 budget, or on the 1961 budget.

The amendment was supported in the hearings before the Committee on Banking and Currency by the American Municipal Association and the U.S. Conference of Mayors, which together represent over 13,000 local governments throughout the United States. The testimony of the representatives of those two organizations I thought was effective and convincing.

The provision was also supported by the National Association of Housing and Redevelopment Officials, the National Housing Conference, the American Institute of Planners, the AFL–CIO, and others.

In order that the record may be complete, Mr. President, I ask unanimous consent to have printed in the RECORD a portion of the resolution on urban renewal of the American Municipal Association, presented to our committee by Mayor Celebrezze, of Cleveland, on behalf of the association.

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

URBAN RENEWAL

Spreading slums and blight threaten to engulf American cities bringing misery to tens of millions of our fellow citizens and periling our municipal governments with bankruptcy. Local and State governments do not have the resources to finance unaided the massive urban renewal program which is required if this shame of American cities is to be destroyed. Large scale and continuing Federal assistance is urgently required unless and until such time as the Federal Government restores to the States and to local governments the resources and taxing power which would eliminate the need for Federal assistance.

Urban renewal is an essential device for preserving the economic health of our urban communities. Not only do 65 percent of the American people live in cities, more than 75 percent of Federal revenues from all sources come from cities. If cities are to continue through their manufacturing and commercial activities to contribute so much to the wealth and prosperity of our Nation they must be given the help they need to root out their industrial and commercial, as well as their residential, slums, and blighted areas.

The establishment of an adequate Federal program of urban renewal is the top priority of the 1959 national legislative program.

We protest the establishment of a rationing formula which puts all municipalities on a starvation diet for new capital grant reservations and we urge the Congress to write into law a requirement that capital grant reservations are to be made available to municipalities on the basis of applications made and indicated willingness to put up the local one-third share of net project cost.

We object vigorously to the administrative orders issued by the Urban Renewal Administration which destroy the concept of local plans locally arrived at and which require the cutting back of project plans in the interest of economy to the point that they offer no assurance that blight will in fact be eliminated. We urge the Congress to state emphatically that the responsibility for devising workable urban renewal projects is a local responsibility not to be hamstrung by Federal administrative regulations.

We recommend that the Congress amend the Housing Act of 1949 (as amended) as follows (1958):

Recognize the long-term needs of urban renewal and authorize a 10-year program with an annual authorization of additional capital grant reservation funds of $600 million a year with a provision for acceleration of up to $150 million if local demand requires a larger authorization in any given year (1958).

Mr. CLARK. Mr. President, I asked Mayor Celebrezze a question, as follows:

Mayor Celebrezze, what evidence do you and your colleagues have that you could use $600 million a year for 10 years?

Mayor Celebrezze replied:

One, of course, Senator CLARK, is the findings of the American Municipal Association in its survey and questionnaires which were sent out to each of the mayors of the communities as to what their needs would be. Based on that, we feel we need a $600 million program.

No. 2 is that the program as it is now constituted is one where we are losing instead of gaining ground, and not going fast enough.

I then asked the question:

Are you losing ground in Cleveland?

And Mayor Celebrezze replied:

We certainly are. We have 35,000 substandard living quarters in the city of Cleveland and at the rate we are going now we are losing ground, because of various reasons.

We have a new influx of people into our area who need low-cost housing. We are hit, as other major cities are hit, by major freeway improvements. We have one stretch of road in Cleveland, the Lakeland Freeway, which will run 3½ miles, and you have to tear down 800 two-family homes in good shape. Where do those people go?

I continued:

I am asking you, Where can you put them?

And Mayor Celebrezze said:

We do not have any place to put them unless we clear out some of the slum area and put in decent living quarters.

I turn now, Mr. President, to the testimony of a distinguished Republican mayor from the other side of the United States, Mayor Norris Poulson, of Los Angeles, the president of the United States Conference of Mayors.

Mr. President, I was happy indeed to welcome Mayor Poulson into the ranks of those interested in more urban renewal. I recall very well that before Mayor Poulson was elected in Los Angeles, while he was a member of the other body, he and I engaged in a debate before the American Municipal Association in the city of New Orleans, in which I supported public housing and urban renewal and he opposed it. But the mayor of Los Angeles, being a highly intelligent gentleman of great integrity, when he was elected chief executive of his city and saw the conditions, reversed his position and has now come over to our side.

Mr. President, I can assure Senators there is no more able advocate than a recent convert. Mayor Poulson said to the committee:

The survey which will be presented to you later in this week demonstrates the need for legislation authorizing a comprehensive long-term program with increased annual Federal participation. The record demonstrates that a program of Federal grants of $600 million annually for conservation, rehabilitation, and redevelopment could be prudently employed by local governments. We recommend that the committee and the Senate give such a program their approval. Experience over the past several years also has demonstrated the difficulties of 1- and 2-year authorizations. The very nature of urban renewal requires considerable time for community acceptance, planning and redevelopment. The program should be authorized for 10 years in advance. This would permit sound planning and intelligent local budgeting without the pressure to move ahead or lose the funds.

We urge that the ability of the local governments to intelligently and judiciously utilize the funds be the determining factor as to the amount to be made available. In this way constant progress can be made and attempts at administrative rationing would be unjustified. Experience since September 1958, when the Federal agency imposed a rationing formula in an attempt to make do with a very limited supply of funds, demonstrates that such arbitrary attempts to spread a small amount of money over the whole Nation does not promote sound urban renewal projects. Congress should make adequate funds available and bar administrative rationing.

At a later point, Mayor Poulson said:

Slum clearance and urban renewal are of great importance to the morale, loyalty, and prosperity necessary to support national efforts in times of crisis. To ignore or seriously cut down these activities would be like putting a golden roof on a house when the foundation has been attacked by termites.

I turn finally to the statement which appears on page 582 of the record, from the National Association of Housing and Redevelopment officials. This is the program resolution adopted at the annual business meeting of that fine organization on October 15, 1958. I quote from that statement:

Urban renewal: The program is again faced with a critical capital grant shortage. For the third time in less than 2 years, the amount of available capital grant authority, the lifeblood of the program, is only a fraction of what is needed by communities in order that they may schedule and undertake essential long-range renewal activities.

It is ironic that the continued existence of the urban-renewal program is threatened at a time when the Congress, the administration, and political, business, labor, and civic leaders throughout the Nation recognize the need for an urban-renewal program on a continuing basis. It is essential that our communities be assured of continuing availability of capital-grant authority at a level sufficient to meet their needs.

At a later point:

In order to meet these objectives, NAHRO advocates: (1) an increase in Federal capital grant obligational authority under title I of the Housing Act of 1949 in the amount of $600 million each year for the next 10 years; (2) an increase in the Federal share of net project cost for renewal projects from two-thirds to 80 percent.

Again, I am under no illusions as to the possibility of any such program being approved by the Senate this year. We need it. We ought to have it. It will be a great misfortune to our citizens and communities if we do not get it. However, I am enough of a realist to know that this program has no chance of success in the current almost obsessive preoccupation of the public generally with folklore about the state of the Federal budget.

This program would not affect the President's budget, but we cannot make the public believe it. It would not result in Federal expenditures for years, but we cannot make the public believe it.

So, because I am a realist in this regard, I now withdraw my amendment.

The PRESIDING OFFICER. The amendment of the Senator from Pennsylvania is withdrawn.

Mr. CLARK. I now offer the amendment which I send to the desk and ask to have stated. It is designated "2–3–59—B."

The PRESIDING OFFICER. The amendment offered by the Senator from Pennsylvania to the committee amendment will be stated.

The LEGISLATIVE CLERK. It is proposed to strike out section 305 in the committee amendment and insert in lieu thereof the following:

SEC. 305. The first sentence of section 103(b) of the Housing Act of 1949 is amended to read as follows: "The Administrator, on and after July 1, 1949, may, with the approval of the President, contract to make capital grants, with respect to projects assisted under this title, and to make grants pursuant to subsection (c) of this section, aggregating not to exceed $1,350,000,000, which limit shall be increased by $450,000,000 on the date of enactment of the Housing Act of 1959 and on July 1 in each of the years 1959 to 1961, both inclusive: *Provided*, That such limit, and any such authorized increase therein, may be increased, at any time or times, by additional amounts aggregating not more than $150,000,000 if such action is necessary to meet the needs of pending bona fide applications on file with the Administrator: *Provided further*, That the amount of capital grants contracted for under this title prior to July 1, 1962, shall not exceed an aggregate of $3,150,000,000."

Mr. CLARK. At a later time this afternoon, after a quorum call, I shall speak on this amendment. I hope it can be brought to a vote later today.

For the moment, I yield the floor.

THE PRESIDENT'S MESSAGE ON CIVIL RIGHTS

Mr. MANSFIELD. Mr. President, I should like to commend the President for submitting, today, a legislative message on civil rights. In this fashion he joins the distinguished majority leader [Mr. JOHNSON] who introduced a bill on civil rights some weeks ago. He also joins the able and determined Senator from Illinois [Mr. DOUGLAS] and other distinguished Members of the Senate who introduced legislation on this matter on January 29.

I have read the President's message on civil rights. At first glance, it appears to contain many provisions which are substantially the same as those to be found in the Johnson bill and in the Douglas bill.

The first provision of the President's proposal, for example, is modeled after title V of the Douglas bill. The second is derived from title IV of the Johnson bill. The third, too, derives from the Johnson bill, title III. The fourth is adapted from title IV of the Douglas bill.

The fifth and sixth provisions of the President's bill have no direct parallels in either the Johnson or the Douglas bills. But both are peripheral to the problem of civil rights as it confronts us in this session. The fifth provision, for example, is designed to take care of those children of military personnel who do not live on military reservations or other Federal property and, hence, in some areas may find their education temporarily interfered with because of difficulties in desegregation. I do not know how many children may be affected but it seems to me that even if there were but a handful, this provision is eminently desirable. I do not understand, therefore, why the President has asked for only temporary authorization. It seems to me such provision is essential as long as those children may require these special arrangements.

I am also at a loss to understand the need for the sixth provision of the President's proposal. The President already has the power to prevent nondiscrimination in unemployment under Government contracts. I presume and I hope that he has been exercising this power. Why he needs congressional sanction for something which he presumably is already doing, why he wants to substitute a statutory commission for an executive committee which is already functioning, I do not fathom. I hope that he has sounder reasons for this step than are apparent in his message. I can only assume that he has such reasons since I am sure that he would not want to throw into the political arena, once again, an aspect of the civil rights problem which to all intents and purposes has already been settled in a satisfactory fashion. To do that would hardly be in keeping with the general admonition which he has directed to us at the beginning of his statement when he says:

> The United States has a vital stake in striving wisely to achieve the goal of full equality under law for all people. On several occasions I have stated that progress toward this goal depends not on laws alone but on building a better understanding.

One might add to that admonition, that least of all does progress depend on a political doing over of what has already been done.

In any event, Mr. President, I welcome the President's supplement to the preliminary legislative work of the Senate on civil rights for this session. It will receive the same careful consideration as the Johnson bill and the Douglas bill by the democratic majority in the Senate.

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

Mr. MANSFIELD. I yield.

Mr. JAVITS. I am very glad that our distinguished colleague and my friend finds that the President has been constructive in his proposal. I believe so, too. Although I think it should go further than it goes, I agree that it is a very constructive move.

I should like to ask the Senator whether he expects that a civil rights bill upon which we can act will be before us, in view of the traditional fact that it has been impossible to get one from the Judiciary Committee; also in view of the fact that when the bill did come up in 1957, it was motioned up under a very interesting set of circumstances, which may not be repeated. May we, therefore, know whether we have any expectation of having any civil rights bill before us upon which we can vote?

Mr. MANSFIELD. I can only speak personally, as the Senator from New York is aware, but it is my belief that we will have a civil rights bill before us at this session.

Mr. JAVITS. I thank my colleague for that very encouraging news. It is the most encouraging news we have had, including the three bills.

Mr. MANSFIELD. I am delighted that the President, in his wisdom, saw fit to include the most pertinent and best parts of both the Johnson and Douglas bills in the proposal he has placed before us today.

Mr. JAVITS. I hope, too, if I may say so, that Congress will see fit to take some parts of what some of the rest of us will offer.

Mr. MANSFIELD. I am sure they will all be considered.

HOUSING ACT OF 1959

The Senate resumed 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. McNAMARA. Mr. President, the omnibus housing bill before the Senate is, in my estimation, a modest approach to some pressing needs. It is, in fact, too modest, since it does barely more than scratch the surface of the problems.

At a time when the need for low-rent public housing is as great as ever, this bill would authorize but 35,000 additional units.

At a time when our cities are crying out for assistance in getting a new lease on life through urban renewal programs only $350 million a year is provided.

I do not mean to deprecate the housing bill now before us. It is in most respects a good bill as far as it goes.

Yet, modest as this bill is, the administration seeks to kill it on the grounds that it would do violence to the President's fictitiously balanced budget.

The administration raises the cry that it will seek to hold the line.

Well, I always thought the team that "held the line" was on the defensive, a strange situation for America to be in. But that apparently is the administration's position: on the defensive against progress and growth.

Such an attitude displays a startling lack of confidence in America's ability to meet the challenges of the 20th and 21st centuries.

In the past few months the boundaries of our United States grew to include the 49th State of Alaska. We are hopeful that this geographic growth will continue this year with the addition of Hawaii as the 50th State.

Our country, also, is experiencing a dramatic growth in population. In the past year America grew by nearly 3 million persons, and an even larger advance is expected in 1959.

These are convincing signs that America is a growing, living nation, a nation which anticipates that its tomorrows will be even greater than its yesterdays.

This has been the spirit of America from the day the first settlers set foot upon our shores.

The spirit of growth and greatness guided our pioneers as they carved a bigger America out of the wilderness.

They settled the West when the West meant Pennsylvania, Ohio, and Michigan. But they kept going until they reached the Pacific, and even today America may well reach into the Pacific for its 50th State.

Yes, growth has been the tradition and the spirit of America.

Today, as we try to adjust to the heavy responsibilities of world leadership, as we reach out tentatively for the moon and the stars, as the atom and other fascinating technological advances hold out wonderful promises of things to come, we understand that America's growth must not halt.

But as we gaze with anticipation on these things, it comes as a great shock that something is wrong, very wrong, with this picture.

Simply stated, it is this: America's economic growth not only is falling miserably short of the needs of tomorrow's world, it is even failing to keep pace with today's.

The economic progress of our country is of paramount concern, as should be obvious to anyone.

It is of vital importance, of course, to our citizens who, after all, are the strength of America.

Economic progress, to them, means an increasing standard of living, employment opportunities, goods and services at reasonable cost, and finer educational facilities for their children.

In short, it means the promise that with hard work tomorrow can be better than today, and a reasonable assurance that the latter years of one's life can be lived with dignity and security.

In terms of America's relations with the rest of the world, economic growth also is a vital thing.

It is difficult to expect other nations to look to us as an example of a way of life that brings economic progress to the people when, in fact, we are barely stumbling forward.

How can we inspire other nations to look with favor on our system when indications are that the Soviet Union is outstripping us in economic as well as military progress?

The failure to recognize the urgent need for swift and continuing economic progress probably is the worst feature of the current administration's domestic policy.

It is nowhere more evident than in the President's proposed budget, a budget that is a mighty monument to the status quo.

In today's world there can be no such thing as the status quo.

We must move either forward or backward. No other nation is going to wait for us to rationalize with us that we can get something called progress at cut-rate prices.

At the present time administration spokesmen are waving around fancy graphs and business indicators to illustrate how well the United States has come out of the 1958 recession.

I find this especially interesting in view of the fact that a year ago, and on through the campaign of November 1958, the administration refused to acknowledge there was a recession.

Just a year ago I rose on this Senate floor to call attention to the then-blossoming recession and to urge that swift and forthright steps be taken to head it off.

At that time, more than 3½ million Americans were unemployed, and their ranks were swelling rapidly.

As my colleagues may recall, I called specific attention to the Employment Act of 1946 which states in part:

> It is the continuing policy and responsibility of the Federal Government to use all practicable means * * * to coordinate and utilize all its plans, functions and resources for the purpose of creating and maintaining * * * conditions under which there will be afforded useful employment opportunities * * * for those able, willing and seeking to work, and to promote maximum employment, production and purchasing power.

It was my thought then, and it still is, that the Employment Act of 1946 was on the statute books to be implemented and utilized.

I suggested 11 steps which I believed the administration and the Congress should take to head off the recession that, in February 1958, was growing by leaps and bounds.

While Congress did come to grips with the recession through the adoption of such legislation as social security improvements, emergency unemployment compensation, and aid to small business, the administration, regretfully, sat on its hands.

Or even worse, it actively fought other measures, such as the area redevelopment bill, the community facilities bill, and a really meaningful unemployment insurance measure.

Today, a year later when the recession is held up as only a slightly disturbing dream which has since disappeared, there are still well over 4 million persons unemployed, and about 1 million others in part-time employment.

And there are no prospects, in the immediate future at least, that this figure will grow smaller.

It may well become larger, and a highly disturbing part of it is that a good many thousands of the unemployed persons have had their jobs abolished through automation and other devices.

The problem facing America is not just how to put an end to the 1958 recession.

The problem, indeed the challenge, facing America is how to prevent recessions from occurring in the future, how to bring about continued growth in our national prosperity.

The actual growth of America's prosperity in recent years, as measured by the gross national product, is a very disturbing matter.

The President plans to carry his battle for his so-called balanced budget to the people, hoping to enlist their aid in preserving the status quo.

But while he is doing that, I hope he explains to our citizens just why it is that the rate of economic growth of America has slipped badly under his fiscal policies.

I think that is the kind of information the people should have, if he can provide it.

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

Mr. McNAMARA. I yield.

Mr. LONG. Is the Senator aware of the fact that the rate of our economic growth in the last year was really about the same as the increase in population?

Mr. McNAMARA. That is correct.

Mr. LONG. Actually, when the administration speaks of a growing or an expanding economy, it is something like a squirrel running on a treadmill. We are producing just enough food and just enough other goods to keep up with the increase in population. The net effect is a standstill.

Mr. McNAMARA. I certainly agree with the Senator.

Mr. LONG. We are standing still in effect, running in the same place. We are running, but we are not getting anywhere.

Mr. McNAMARA. The Senator is correct. That is the point I am developing.

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

Mr. McNAMARA. I yield.

Mr. CAPEHART. Is it not true that production in the United States at the moment has created surpluses? Have we not tremendous farm surpluses and surpluses of almost all other conceivable articles? The automobile factories in the Senator's own hometown are capable of producing more automobiles than can be sold.

Does the Senator know of any shortage of production in the United States, production of things which the people need or want, but cannot buy because they are not made or because too few are available?

Mr. McNAMARA. I know of no such instances. I think the charge that we must slow down our economy so that we will not have inflation is totally repudiated by what the Senator has just said.

Mr. LONG. The reason the people do not buy is that they do not have the money; and the administration is trying to guarantee that they will not have the money.

Mr. McNAMARA. I certainly agree with the Senator from Louisiana.

During the years 1947 to 1953, the economic growth of this country, even reflecting current prices, averaged 5 percent a year.

But, since the end of the Korean war to the present, the annual economic growth has averaged well under 2 percent.

I submit that these figures tell more eloquently than anything else just what has been happening to America's economy and provide a very somber warning for the future.

During the very years when the population had grown an astounding 15 million, when vast new technological advances came into being, the economic progress of our country dropped drastically.

The economy, in the most simple terms, is being strangled.

It is being choked to death by men of little vision and confidence, men devoid of ideas and of the understanding that America must grow to survive.

The economy is being strangled by those who seem to think that prosperity is a selective sort of thing, like nobility, to which not simply everyone can aspire.

Helping to choke America's economic growth is something called the tight-money policy which is offered in the guise of a weapon against inflation, but which has the main effect of raising interest rates to the general public.

This policy hurts no one except the bulk of the public. During last year's recession while millions were unemployed, cash dividends of corporations were less than 1 percent below the record high total of 1957.

During the height of the recession the tight-money choker seemed to be slackened a bit, presumably to give a dying economy a little air.

But hardly had there been one sign of recovery than it was tightened up again.

While the President is trying to explain to the public why the annual economic growth has averaged less than 2 percent, I wish he also would explain about his administration's love of high interest rates.

The Treasury Department now, for example, is paying 4 percent interest on bonds due in 1980, the highest interest rate the Government has paid since the 1920's.

Out of the President's proposed $77 billion budget, more than 10 percent, or better than $8 billion, would be paid in interest on the national debt.

This $8 billion would go to those who become fat off the administration's tight-money policy, yet who produce nothing for the economy and perform no service of any consequence.

Perhaps the President could also explain why it is that his policies have not only held back the Nation's necessary economic growth, but at the same time somehow costing the public more for this dubious privilege.

I refer to this increase in the interest charges and to the fact that to really balance his proposed budget would mean an increase in the gasoline tax and the cost of mailing a letter.

Further, we are struck by the curious situation where the cost of living has been steadily climbing since 1953 and reached a record high in the middle of the worst postwar recession.

In his economic report, the President attempted to place the blame on the working people, who won deserved wage increases, rather than on unreasonable price increases.

In his next press conference, however, he backed off a bit from this unsupported position.

In any event, these are the kinds of questions the people are asking, and the administration should answer them truthfully before there is any defense of an undernourished economic program.

It is said that the President and his administration are concerned, and considerably surprised, because the plea for economy seems to have fallen on deaf ears with the public.

I think there is nothing surprising about this. In fact, I consider it a tribute to the high level of intelligence of the public in seeing the many deficiencies of the proposed budget.

The idea that a national budget can be brought into a semblance of paper balance is no comfort to more than 4 million persons who are unemployed.

The idea of producing balance at the price of paying more for a gallon of

gasoline or mailing a letter simply makes no sense to the general public.

There is an interesting dissection of this budget that holds that about 76 cents of each tax dollar goes primarily to pay for past or future wars; that is, for defense, interest, and veterans' benefits.

This leaves only 24 cents for other purposes, and of this about one-third is for the farm program, a tremendously expensive operation which the administration somehow has succeeded in making unworkable.

It is difficult to understand why, with the expenditure of about $8 billion to conduct the national farm policy, we do not have the best, most efficient farming system in existence.

Perhaps that is another question the President can explain when he takes his budget problems to the public.

What I have tried to outline in these remarks is why the Congress, more than ever, must bear the burden of providing for the Nation's economic growth, why we must pass such measures as the housing bill.

It has been demonstrated over and over again that the administration feels little compulsion to insure the economic advancement of the United States.

(At this point Mr. MCNAMARA yielded to Mr. SPARKMAN for a unanimous-consent request. Mr. SPARKMAN'S remarks appear at the end of Mr. MCNAMARA'S speech.)

Mr. MCNAMARA. Mr. President, the main goal seems to have been to stubbornly fight off any new idea that might somehow germinate in progress for America.

In this, at least, the current administration can be said to be extremely successful.

But, I am of an optimistic sort.

I have confidence that despite the obstacles placed in our way, despite the uninspired and unimaginative conduct of the executive branch, we as a Congress can still lead our country to greatness.

A year ago when I attempted to raise an alarm over the pending recession, I listed 11 points that I believe the Congress should follow to attack the recession and to prevent another.

Many of these points remain today, not completely fulfilled, but still as necessary as ever.

These goals are not just antirecession measures. They must be looked upon, instead, as the means to restore the annual economic growth, growth that America must have if we are to continue to lead the world.

I maintain today, as I did a year ago, that despite the increasing cost of defense and general government, the lower and middle income groups are entitled to a downward tax revision.

The resulting loss of tax income could be compensated for, I am convinced, by a forthright move to close the many tax loopholes in the present law, such as the oil and gas depletion allowance and the insurance company windfalls.

Last year the Congress took significant strides toward assisting the Nation's independent businessmen through some tax relief and the Small Business Investment Act.

But further attention is needed to halt the alarming increase in independent business failures, which rose to 55.9 per 10,000 in 1958.

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

Mr. MCNAMARA. I am happy to yield to my colleague from Louisana.

Mr. LONG. I should like to direct the attention of the Senator from Michigan to information which I believe will shortly be forthcoming; I refer to information on the operation of American oil companies in the Near East. I believe it will be found that that information will be similar to that about American oil companies doing business in Venezuela and other foreign countries, and bringing their oil into the United States. I think it would be found that that is where the big profits are made.

I believe it will also be found that to reduce the depletion allowance will not aid in this connection but, rather, that attention will have to be directed to the foreign tax credit, which has been manipulated by such companies in such a way that companies with a depletion allowance of 27½ percent have been able to avoid hundreds of millions of dollars of taxes, because of the peculiar way they have been able to take full advantage of the so-called foreign tax credit.

Mr. MCNAMARA. I wish to say to my friend, the Senator from Louisiana, that I am perfectly familiar with the fact that this problem is a very complex one; and I shall be glad to listen with as open a mind as possible to the arguments which he will advance at the time when that problem is brought before us.

Mr. President, the need for classrooms has not diminished. In fact, in view of the population growth and the rate at which old schools are becoming obsolescent, the need is even greater.

Bills to provide Federal assistance to the States for school construction are now before our Labor and Public Welfare Committee, which began hearings this week.

One of these bills is my own; I refer to Senate bill 8, which would provide $2 billion in Federal funds, over a 2-year period, to help the States build classrooms. This year, let us hope, the administration will stop fighting this vitally necessary program, and will lend its support to enactment. We need only point out that America's future cannot be measured in economic progress alone. It also must be measured in terms of the ability to educate our children.

Last year, we passed the area redevelopment bill, only to have it meet with a Presidential veto. That bill, in the form of Senate bill 722, is with us again; and I expect that this time it will become law—over a veto if necessary.

The housing and airport programs upon which the Congress will shortly act are of great necessity in stimulating a lagging economy while at the same time providing lasting benefits.

The temporary unemployment compensation bill of last year, while serving its emergency role of assisting the jobless who had exhausted regular benefits, had the net result of putting our sorely pressed States deeper in a financial hole. It is incumbent upon this Congress, I believe, to establish long-needed Federal standards of unemployment insurance.

Another much-needed step, in view of both immediate and long-range benefits, is the extension of the minimum wage provisions and an increase of the wage itself. A hike in the hourly minimum wage to $1.25 an hour is urgently needed, as is the extension of Fair Labor Standards Act protection to millions of our citizens.

Our communities are crying out for assistance to clear slums, to build sewers and water systems.

These are not isolated matters. These have become national problems. They call for enactment of a greatly expanded urban renewal program and of a community facilities bill with a low-interest-rate loan program.

There are other areas where action is needed, if not actually overdue. However, these would require action by the administration; and it is doubtful that anything progressive can be anticipated. I refer specifically to the fiscal policy of the Nation, which seems to be set by the Budget Bureau and the Federal Reserve Board, using the occupant of the White House only as a mouthpiece.

The system of placement of defense contracts should be given a long-overdue revision, in view of the tremendous amounts that are spent in this field each year. With more than half our national budget earmarked for defense, it is incumbent upon the Government to exercise something more than cursory control over the spending of these billions.

I have mentioned here, very briefly, several areas where I feel action is desperately needed. What I have mentioned is not some irresponsible spending program, as the administration would like the public to believe. It is, instead, a minimum program that our country must, I believe, follow if it is to survive as something more than a second-rate country economically.

Many of these programs do cost dollars. But these are dollars, that, cast upon the economy, will return to us manyfold, in terms of a greater prosperity for everyone.

If we want our country to continue annual economic progress of less than 2 percent, while Russia exceeds 7 or 8 percent, we can continue on the present course.

If we want to ignore the principles and intent of the Employment Act of 1946, and have several million persons more or less permanently unemployed, we can take no action.

But if America wants to meet the future confidently and squarely, armed and forewarned of its obligations, then it will proceed to take action.

I am confident that this is the course we will take.

I thank the Senate.

During the delivery of Mr. MCNAMARA'S speech,

Mr. SPARKMAN. Mr. President, will the Senator from Michigan yield so that

I may propose a unanimous-consent request?

Mr. McNAMARA. I am happy to yield with the understanding that the interruption will appear at the end of my remarks, and that I will not lose the floor.

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

Mr. SPARKMAN. Mr. President, I ask unanimous consent that following the remarks of the distinguished Senator from South Carolina [Mr. THURMOND], who, I understand, will speak after the Senator from Michigan has concluded, further debate on the pending amendment be limited to 30 minutes for the proponents of the amendment and 30 minutes for the majority leader or any Senator designated by him.

Mr. JAVITS. Mr. President, I had intended to speak. I am on the list following the Senator from Michigan, but I prefer to speak to the amendment. I should like to have a maximum of 5 minutes in which to speak in support of the Clark amendment.

Mr. SPARKMAN. That is agreeable.

Mr. JAVITS. I thank the Senator from Alabama.

Mr. DIRKSEN. Does the Senator's proposal relate to the amendment now pending at the desk?

Mr. SPARKMAN. Yes.

Mr. DIRKSEN. Thirty minutes on each side is agreeable.

Mr. SPARKMAN. I thank the Senator from Michigan for yielding.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Alabama?

The Chair hears none; and it is so ordered.

Mr. THURMOND. Mr. President, I am opposed to the public housing and urban renewal provisions of this bill.

I am informed that by the end of fiscal year 1960, more than 475,000 federally aided public housing units will be occupied by more than 2 million people; and, in addition, 110,000 units which now are authorized will be under contract, but not occupied.

It is estimated by the public housing authority that there is an annual turnover of 30 percent of the tenants in public housing. This means, Mr. President, that, from units built and to be built without any additional legislation, there will be available approximately 180,000 units for occupancy by new tenants annually.

A study of this bill, which I admit is somewhat difficult under the circumstances under which we consider it today, will reveal that no longer is it the purpose of this program to provide low-rent housing for persons who cannot afford adequate housing built with funds from private sources. The original purpose of the bill has long since lapsed into oblivion. I am informed that the Public Housing Administration authorizes the construction of units at a maximum cost of up to $17,000 a unit. Although income requirements for tenancy in public housing have been most loosely administered in the past, this bill abolishes all pretense at providing housing solely for low-income tenants. It repeals the requirement for eviction of overincome tenants. It gives the housing authorities complete discretion in setting rents and income.

Mr. President, the continued extensions and degenerations of the public housing activities of the U.S. Government cause me to wonder whether we are adhering in principle to article VI of the Constitution of the Union of Soviet Socialist Republics, which reads as follows:

ART. 6. The land, its mineral wealth, waters, forests, mills, factories, mines, rail, water and air transport, banks, communications, large state-organized agricultural enterprises (state farms, machine and tractor stations and the like), as well as municipal enterprises and the bulk of the dwelling houses in the cities and industrial localities, are state property, that is, belong to the whole people.

I just read a quotation from article 6 of the Communist Constitution.

Mr. President, our humanitarian instinct comprises one of our strongest national traits. I am motivated by as strong a humanitarian instinct as anyone in our country. I have real concern for those who are in dire economic circumstances and without decent and suitable living quarters. However, it is our very humanitarianism, admirable and worthy though it be, on which the complacency of the American people is founded. By using a subtle, sometimes even subliminal approach, our enemies have enlisted our unthinking support of causes apparently for the promotion of human rights, but which, when carefully examined, reveal an underlying advancement of collectivism, which is the gravest threat to our country today. We find ourselves even more vulnerable to plans for promoting the economic welfare of all, or a particular portion, of our people, at the instance of government. We are inclined to direct our exclusive attention to the purportedly noble purpose of the plan, but to ignore the threatened jeopardy to our individual liberty and the impracticality of utilizing the tool of government, in lieu of personal and private initiative.

No program, no decision, no action, proposed to be undertaken by the Federal Government, should be free from the most careful scrutiny and logical judgment of each and every American citizen. Individual liberty and practicality must be weighed against not only the purported material benefit, but also against the practically probable benefits. Nothing should be accepted at face value, for only by laying aside emotional impulses and submitting each matter to a logical and objective analysis, can we avoid the pitfalls of collectivism.

After careful personal analysis of the public housing provisions of S. 57, I can only see in this proposal a further involvement of our Government into private enterprise activities, an increased national debt, and another smashing victory for the insidious forces of socialism. In fact, Mr. President, the public housing program further proves the point that socialism is an inefficient and impractical philosophy. I can see no excuse for its continuation.

Private enterprise has also been tested in this country. Unlike socialism, however, it has proved itself by giving to our country a standard of living which, at its lowest ebb, is far superior to any other known to the world. Private enterprise can do and is doing the housing job at no cost to the taxpayer. I do not believe that the Government should be in the housing business or any other business unless two conditions are fully met. First, the project must be something that is vitally needed. As I have pointed out, almost 600,000 units will be in existence without any further legislation on the subject, and this will accommodate approximately 180,000 family units annually. The second condition for the Government to get into business is that private enterprise is not willing to do the job. In this instance private enterprise is doing the job. We are undergoing at present a private housing boom. There is no slack in the building program. One but needs to examine the classified ads under real estate in any newspaper to see that, not only new housing is available, but that there is also a surplus of adequate existing housing available at low cost.

The question of cost to the taxpayer is also extremely pertinent on this issue. There is involved in this bill a revival of about 10,000 units for which authority expired in June of 1958, an extension of the 35,000 units authorized for the current fiscal year until June of 1961, and an additional increment of 35,000 new units which will be open until July 1, 1963. This is an unjustifiable splurge on an unworkable program. The cost of the subsidies for these units will be astronomical. It is an insult to the already overburdened American taxpayer, and adds further to the debt obligations which his children will bear for years to come.

Now, Mr. President, as to urban renewal, there are so many bad features of this program that they almost defy enumeration. It is unconscionable in its entirety. There are several features, however, which are even more objectionable than the usual undesirables included in this program. For instance, this bill would repeal the existing $1 billion ceiling on borrowings from the Treasury and would substitute no ceiling whatsoever. It raises from 10 to 20 percent of the total capital grants that may be used for nonresidential developments. It increases the Federal proportion by diminishing the local share through application against the one-third local share of public works completed as much as 5 years prior to the authorization of the contract by the Housing Administrator.

Considering the fact that $1,350 million is already authorized for urban renewal grants, the authorization of $2,100 million additional in new grants reflects, to say the least, a total unconcern for the financial condition of the United States Government and its citizen taxpayers.

Mr. President, I intend to vote against this bill; it should be defeated.

PROPOSED CIVIL RIGHTS LEGISLATION—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 75)

The PRESIDING OFFICER (Mr. MUSKIE in the chair) laid before the Senate the following message from the President of the United States, which was referred to the Committee on the Judiciary:

To the Congress of the United States:

Two principles basic to our system of government are that the rule of law is supreme, and that every individual regardless of his race, religion, or national origin is entitled to the equal protection of the laws. We must continue to seek every practicable means for reinforcing these principles and making them a reality for all.

The United States has a vital stake in striving wisely to achieve the goal of full equality under law for all people. On several occasions I have stated that progress toward this goal depends not on laws alone but on building a better understanding. It is thus important to remember that any further legislation in this field must be clearly designed to continue the substantial progress that has taken place in the past few years. The recommendations for legislation which I am making have been weighed and formulated with this in mind.

First. I recommend legislation to strengthen the law dealing with obstructions of justice so as to provide expressly that the use of force or threats of force to obstruct court orders in school desegregation cases shall be a Federal offense.

There have been instances where extremists have attempted by mob violence and other concerted threats of violence to obstruct the accomplishment of the objectives in school decrees. There is a serious question whether the present obstruction of justice statute reaches such acts of obstruction which occur after the completion of the court proceedings. Nor is the contempt power a satisfactory enforcement weapon to deal with persons who seek to obstruct court decrees by such means.

The legislation that I am recommending would correct a deficiency in the present law and would be a valuable enforcement power on which the Government could rely to deter mob violence and such other acts of violence or threats which seek to obstruct court decrees in desegregation cases.

Second. I recommend legislation to confer additional investigative authority on the FBI in the case of crimes involving the destruction or attempted destruction of schools or churches, by making flight from one State to another to avoid detention or prosecution for such a crime a Federal offense.

All decent, self-respecting persons deplore the recent incidents of bombings of schools and places of worship. While State authorities have been diligent in their execution of local laws dealing with these crimes, a basis for supplementary action by the Federal Government is needed.

Such recommendation when enacted would make it clear that the FBI has full authority to assist in investigations of crimes involving bombings of schools and churches. At the same time, the legislation would preserve the primary responsibility for law enforcement in local law enforcement agencies for crimes committed against local property.

Third. I recommend legislation to give the Attorney General power to inspect Federal election records, and to require that such records be preserved for a reasonable period of time so as to permit such inspection.

The right to vote, the keystone of democratic self-government, must be available to all qualified citizens without discrimination. Until the enactment of the Civil Rights Act of 1957, the Government could protect this right only through criminal prosecutions instituted after the right had been infringed. The 1957 act attempted to remedy this deficiency by authorizing the Attorney General to institute civil proceedings to prevent such infringements before they occurred.

A serious obstacle has developed which minimizes the effectiveness of this legislation. Access to registration records is essential to determine whether the denial of the franchise was in furtherance of a pattern of racial discrimination. But during preliminary investigations of complaints the Department of Justice, unlike the Civil Rights Commission, has no authority to require the production of election records in a civil proceeding. State or local authorities, in some instances, have refused to permit the inspection of their election records in the course of investigations. Supplemental legislation, therefore, is needed.

Fourth. I recommend legislation to provide a temporary program of financial and technical aid to State and local agencies to assist them in making the necessary adjustments required by school desegregation decisions.

The Department of Health, Education, and Welfare should be authorized to assist and cooperate with those States which have previously required or permitted racially segregated public schools, and which must now develop programs of desegregation. Such assistance should consist of sharing the burdens of transition through grants-in-aid to help meet additional costs directly occasioned by desegregation programs, and also of making technical information and assistance available to State and local educational agencies in preparing and implementing desegregation programs.

I also recommend that the Commissioner of Education be specifically authorized, at the request of the State or local agencies, to provide technical assistance in the development of desegregation programs and to initiate or participate in conferences called to help resolve educational problems arising as a result of efforts to desegregate.

Fifth. I recommend legislation to authorize, on a temporary basis, provision for the education of children of members of the Armed Forces when State-administered public schools have been closed because of desegregation decisions or orders.

The Federal Government has a particular responsibility for the children of military personnel in federally affected areas, since armed services personnel are located there under military orders rather than of their own free choice. Under the present law, the Commissioner of Education may provide for the education of children of military personnel only in the case of those who live on military reservations or other Federal property. The legislation I am recommending would remove this limitation.

Sixth. I recommend that Congress give consideration to the establishing of a statutory Commission on Equal Job Opportunity Under Government Contracts.

Nondiscrimination in employment under Government contracts is required by Executive orders. Through education, mediation, and persuasion, the existing Committee on Government Contracts has sought to give effect not only to this contractual obligation, but to the policy of equal job opportunities generally. While the program has been widely accepted by Government agencies, employers, and unions, and significant progress has been made, full implementation of the policy would be materially advanced by the creation of a statutory Commission.

Seventh. I recommend legislation to extend the life of the Civil Rights Commission for an additional 2 years. While the Commission should make an interim report this year within the time originally fixed by law for the making of its final report, because of the delay in getting the Commission appointed and staffed, an additional 2 years should be provided for the completion of its task and the making of its final report.

I urge the prompt consideration of these seven proposals.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *February 5, 1959.*

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had agreed to the concurrent resolution (S. Con. Res. 2) continuing the Joint Committee on Washington Metropolitan Problems.

The message informed the Senate that, pursuant to the provisions of section 194, title 4, United States Code, the Speaker had appointed the following Members on the part of the House to serve as members of the Board of Visitors to the U.S. Coast Guard Academy: Mr. GEORGE P. MILLER of California; Mr. LENNON, of North Carolina; and Mr. MAILLIARD, of California.

HOUSING ACT OF 1959

The Senate resumed 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. LONG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. JOHNSON of Texas. Mr. President——

The PRESIDING OFFICER. The Chair announces that under the order previously approved debate on the pending amendment will be limited to 30 minutes under the control of the author of the amendment and 30 minutes under the control of the majority leader.

Mr. JOHNSON of Texas. Mr. President, I understand the Senator desires a yea and nay vote. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

Mr. SPARKMAN. Mr. President, I should like to use 1 minute of the time given to our side to yield to the Senator from North Dakota, so that he may offer an amendment.

The PRESIDING OFFICER. The Senator from North Dakota is recognized for 1 minute.

Mr. YOUNG of North Dakota. Mr. President, I call up my amendment 2–4–59—C.

The PRESIDING OFFICER. There is an amendment pending.

Mr. SPARKMAN. Mr. President, I ask unanimous consent that notwithstanding the fact that another amendment is pending, the amendment of the Senator from North Dakota may be considered. I think we can dispose of it within 1 minute.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Alabama? The Chair hears none, and it is so ordered. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. It is proposed to redesignate subsections (b), (c), and (d) of section 701 of the bill as subsections (c), (d), and (e), respectively, and insert after subsection (a) of such section a new subsection as follows:

(b) Clause (2) of section 302(b) of such Act is amended by inserting before the semicolon at the end of such clause a comma and the following: "except that a mortgage may be purchased by the Association if it is offered by a bank which is a wholly owned State instrumentality".

Mr. CAPEHART. Mr. President, we have no objection on this side to the amendment.

Mr. SPARKMAN. We have no objection, Mr. President. I have explained to the Senator from North Dakota that we will take the amendment to conference. In the meantime we will examine it a little more closely. I think it is a good provision. As I understand the situation, the amendment relates to a wholly State-owned bank in North Dakota which is able, willing, and desirous of making money available for the building of an old folks' home or a nursing home.

Mr. YOUNG of North Dakota. The Senator is correct. This is practically the only bank in the State which is interested in and capable of handling the matter. I think North Dakota is the only State with a wholly owned State bank.

Mr. SPARKMAN. I understand that to be true. We have no objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from North Dakota to the amendment of the committee.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the amendment offered by the Senator from Pennsylvania.

The Senator from Pennsylvania has 30 minutes remaining, and the majority leader has 29 minutes remaining.

Mr. CLARK. Mr. President, I yield 5 minutes to the Senator from New York [Mr. JAVITS].

The PRESIDING OFFICER. The Senator from New York is recognized for 5 minutes.

Mr. JAVITS. Mr. President, I support the amendment proposed by the Senator from Pennsylvania. I had the honor to support the amendment in the committee and I wish to support it on the floor.

Mr. President, this is a very serious matter involving a very large responsibility in terms of the economy of the United States. I hope very much it will be considered as seriously as some of the rest of us consider proposed irrigation legislation, proposed public dams, and farm problems, which are of very great interest to other sections of the country.

Mr. President, it is not recognized widely enough that today there are 100 million people living in United States cities—100 million people—and that the farm population has diminished in the last two decades by about 50 percent.

Mr. President, urban renewal is absolutely indispensable to the cities. If there is nothing else I say today, let that be clear: Urban renewal is absolutely indispensable to the cities.

This is true not only of large cities, but of small cities as well. It is the fact that because we failed to pass a housing bill last year, and we had only $154 million available for the urban renewal program, out of the Budget Bureau's funds and the President's funds, we have had a real national emergency, holding up the entire urban renewal program, with rationing imposed on cities, restraining them from going forward with the programs which were in effect, and restraining them from proposing new programs.

The $450 million annually provided by the Clark amendment for the next 4 years would give us a smaller authorization, even, than that in the bill of the Senator from Alabama [Mr. SPARKMAN]. However, it would have the advantage of giving it to us when we need it in the big cities. It must be compared with the budget request for $4,500 million for farm price supports, which directly benefit 11 percent of our population living on the farms, as contrasted with this request, which does not mean any money out of our pockets, essentially, considering the values it creates, and considering the fact that it is for the benefit of the majority of the American people who live in the cities.

I again emphasize that this is not strictly a big city operation. One-third of all the projects now under way are located in cities with populations of less than 25,000. It is these relative newcomers to the program which were the hardest hit by failure to authorize new grant funds for urban renewal during the last session.

Applications are now beginning to flow in, and unless we abolish the rationing system which has been established, which blocks the money and does not allow it to be used, because it is assumed that every city will ask for its allocation, when some cities do not, the result will be denials to other cities which have already used up their allocations, and find that they are far short of what is needed for established urban renewal projects.

In the case of Buffalo, N.Y., applications for a total of $18,200,000 were filed, in reliance on established policies, but the rationing formula, attributable to the fact that Congress had not authorized the necessary funds, limited that city to $2½ million, forcing the shelving of one project and cutting another by two-thirds.

The Banking and Currency Committee has declared itself against this rationing program, and has said that the best interests of the urban renewal program will be served by returning to the practice of issuing capital grant reservations on a first-come-first-served basis. There would be no danger of the continuation of this unfair and thwarting rationing policy if Congress were to authorize sufficient urban renewal funds at this time.

I am convinced that we must have the $450 million provision which the Senator from Pennsylvania [Mr. CLARK] has proposed. This is the essence of all the evidence on this subject, from the cities, from the American Municipal Association, from mayors, and from everyone else who is really in a position to know.

I believe this final point must be made very clear: It is not often that the people of the big cities of the United States and of the small cities come to the Congress for help which is directly for their benefit, in terms of the living conditions in their own home communities. Anyone who has surveyed large and small American cities must agree that the faces of our great cities are being changed by urban renewal programs. This is the most revolutionary change which has come about on the faces of American cities.

The PRESIDING OFFICER. The time of the Senator from New York has expired.

Mr. CLARK. Mr. President, I yield 1 minute additional to the Senator from New York.

Mr. JAVITS. I thank my colleague.

It should be our privilege to help the great cities to forward this work further. Let us take an example in my own State. If we authorize the program in the Clark

amendment, New York will receive $225 million in new moneys for urban renewal, through the middle of 1963. That would enable us to add to the $225 million $105 million of our own. However, the total end result, in terms of production of wealth and increased assets to the taxpayers is estimated to be not less than 10 times that amount. In other words, in terms of added values, not only in living and well being, but in added tangible values, the amount would be $3 billion.

I cannot think of a program which should appeal more to the conscience of the Congress than this one.

Finally, on the subject of inflation, this program makes our country richer. It is not what we owe; it is what we have against what we owe that counts in terms of the inflationary situation.

I hope very much that some recognition can be given to the problems of our American cities when we are recognizing everyone else's problems all the time—the problems on the farm and in rural areas. We are spending great sums of money on those programs.

I hope the pending amendment will be voted favorably.

Mr. CLARK. Mr. President, I yield 5 minutes to the junior Senator from Wisconsin [Mr. PROXMIRE].

Mr. PROXMIRE. Mr. President, the Clark amendment is a moderate compromise. The proposal in the bill is totally inadequate. It is inadequate because it provides that for the next 6 years the Federal Government will maintain the same level of urban renewal that it has maintained in the past. The Clark amendment would modestly increase urban renewal appropriations already authorized by the Federal Government. I say it is moderate not merely on the basis of my own judgment, but on the basis of the judgment of a number of very prominent Americans.

I hold in my hand a report entitled "The Challenge to America: Its Economic and Social Aspects," being the Rockefeller Report on the U.S. economy. This group was headed by the present Governor of New York, Nelson Rockefeller. It included among its distinguished members Arthur F. Burns, former Economic Adviser to President Eisenhower; Gen. Lucius D. Clay, chairman of the board of the Continental Can Co., Inc.; John Cowles, president of the Minneapolis Star and Tribune; Devereux C. Josephs, chairman of the board of the New York Life Insurance Co.; Henry R. Luce, editor in chief of Time, Life, and Fortune magazines, and a number of other prominent, outstanding, and distinguished Americans. In their judgment, we should go far faster in urban renewal even than the Senator from Pennsylvania is proposing today.

If we are accused of being spenders because we advocate the Clark program, I tremble to think what adjectives would be applied to Henry Luce, John Cowles, Nelson Rockefeller, and the other gentlemen who were responsible for a report which advocates from 4 to 10 times as much as does Clark as I shall show. I now quote from page 69 of the Rockefeller report:

> Such a program would provide funds to meet needs in the water supply field and to increase Government expenditures for urban renewal from about $700 million last year to $4 billion in 1967.

These urban renewal funds are both local and Federal. They have been divided, in total effect, about 50–50 which would mean an increase from $350 million to $2 billion. The Rockefeller group therefore is proposing, and get this, an increase in urban renewal funds of the Federal Government from $350 million, not to the $450 million proposed by the Senator from Pennsylvania, but $2 billion. That is what they say is the minimum increase we should have by 1967.

I challenge any Senator to show how we could possibly get the $2 billion of Federal contributions by 1967, if we were to follow the proposal in the bill. We shall even fall short and far short if we follow the conservative, modest amendment proposed by the Senator from Pennsylvania. The recommendations of the Rockefeller report show that these prominent Americans felt that urban renewal is so important to this country that there should be recommended an increase in urban renewal far sharper than any other increase of Federal investments or expenditures. The Rockefeller group recommends an increase from 4 to 10 times the present level of urban renewal.

That is on page 68 of the report. They point out that if the economy of our country is to grow and expand, it is essential that the Federal Government support the economic growth by providing needed urban redevelopment. As a matter of fact, here is one of the very rare opportunities that we in the Senate will have to vote to promote economic growth in this Nation. This is why the vote on the Clark amendment is a very crucial vote.

The PRESIDING OFFICER (Mr. YOUNG of Ohio in the chair). The time of the Senator has expired.

Mr. CLARK. Mr. President, I yield 3 minutes to the Senator from Illinois [Mr. DOUGLAS].

Mr. DOUGLAS. Mr. President, the cities of this country, when they come to a legislative body, always operate under a disadvantage; namely, that their representation in the legislative body is not as great as their proportion of population. That is true virtually of every State legislature in the country, and it is true of the Senate of the United States.

Nevertheless, those who know our cities are aware of the fact that not only are the cities rotting away at the center, but that many of the middle-aged neighborhoods are rotting away at the same time. If the cities are to be saved, we shall have to have a series of major surgical operations. The urban renewal principle provides a means whereby this can be done. The Clark proposal is more satisfactory than the committee bill in that it not only provides $450 million a year, instead of $350 million a year, but it also provides for an automatic escalator up to $600 million a year if the volume of the bona fide city applications justifies it. I do not believe we can depend on any power the President has to increase the figure about $350 million in any year, because he has shown again and again that he does not intend to use any discretionary power which he may have.

In brief, Mr. President, the Clark amendment only authorizes $1,800 million in 4 years, as compared to $2,100 million in 6 years, as authorized by the committee bill. The total obligations which we are committing ourselves to now will be less, even though the annual rate of expenditure will be greater.

The population of our country is moving cityward, and the cities are in great financial difficulties. Their expenses are increasing. Their revenues are not keeping pace. They are ready to meet their one-third of the costs, but they do need financial aid from the Federal Government, to which their citizens contribute in abundant measure through the taxes which they pay.

I hope very much that the Clark amendment will be adopted.

Mr. SPARKMAN. Mr. President, I shall take no more than a minute to call to the attention of all Senators an editorial which appears in today's Washington Post entitled "What Is a Local Need?"

I shall not take time to read it, but it is a comment upon the President's news conference of yesterday, when he took some exception to the airport bill and to the housing bill.

The editorial very wisely points out that we have been working on a very reasonable housing bill, and that certainly it ought to be considered in the light of its need in the country, rather than to be dismissed in the manner in which the President dismissed it.

I ask unanimous consent that the editorial may be printed in the RECORD as a part of my remarks.

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

WHAT'S A LOCAL NEED?

The President's broken-record sermonizing against housing and other legislation that might increase spending next year by perhaps one-sixth to one-third of 1 percent is really outrageous. It is intellectually fuzzy to suggest, as Mr. Eisenhower and other Republican leaders are suggesting, that these measures are the first test of a balanced budget policy. There are a dozen largely uncontrollable variables in the President's budget which are far more likely to unbalance it—and by far more. The greater cause for outrage, however, is the seemingly grand unconcern in high places with the substance of this vital legislation.

The Senate housing bill, for example, was not put forward to unbalance the budget. It was developed as a really quite conservative and cautious response to the far greater needs of the American people for decent housing and livable cities. The airport bill, also attacked by the President on extremely tenuous and narrow grounds, was designed to meet similar urgent needs—including the safety that more airports would provide.

Let the localities pay for local benefits, the President blithely replies. Well, they haven't the taxing power. But even so, has not the Federal Government for a century and three quarters been providing for collections of local needs that add up to a na-

tional interest? Would the President tax Montgomery County alone for the Nike-Hercules base north of Rockville? It serves a local need—by Mr. Eisenhower's strained definition.

Although the President's suggestion that higher spending programs should include higher taxes leaves out of account the prospect of a continuing substantial slack in the economy, it does have some long-term merit. But he ought to be made consistent. If his first concern is with a balanced budget, and if he will not directly challenge the need for bigger housing and airport programs (however financed), Mr. Eisenhower himself is obliged to consider making tax increase proposals. Yet Budget Director Stans has said that the 1960 budget was prepared without any thought of raising taxes—whatever the demonstrable needs of the Nation. If the Republicans mean to talk like this steadily until the 1960 elections it is going to get awfully tiresome. They ought to get down to cases.

Mr. CLARK. Mr. President, I ask unanimous consent that I may suggest the absence of a quorum, with the time required for the quorum call not being charged to either side.

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

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER. The Senator from Pennsylvania has 16 minutes remaining.

Mr. CLARK. I yield myself 3 minutes.

The purpose of the pending amendment is to increase the urban renewal authorization on an annual basis from $350 million to $450 million, and to decrease the total urban renewal authorization from the $2.1 billion in the committee bill to $1.8 billion, or a decrease of $300 million.

The amendment would permit the amount of grant authorizations in any one year to be increased by $150 million whenever there should be bona fide applications for grant reservations pending with the Urban Renewal Administration in excess of the $450 million.

The net result of this proposal is to call for a grant authorization at the rate of $450 million for 4 years, or a total of $1,800 million. But if there were enough bona fide applications pending, the rate could go up to $600 million a year; and, accordingly, the entire grant authorization could be spent in 3 years, instead of 4. This must be contrasted with the provisions in the Sparkman bill, which call for $350 million a year for 6 years, or a total of $2,100 million, which is $300 million more than is provided in my amendment.

The proposal of the Senator from Alabama also calls for acceleration at the rate of $150 million a year, but only at the discretion of the President. I think we all know that the President is not prepared to grant that additional authorization; indeed, he is opposed to the level at which the urban renewal program is fixed in the bill which the distinguished Senator from Alabama is guiding through the Senate.

The importance of this is that under the Sparkman bill there will be a definite lack of adequate authorization authority by the end of the fiscal year 1960.

In the minority views, on page 80 of the committee report, is a table from which Senators can see that with the present backlog and with new applications being made at the rate of $40 million a month, there will be at the end of the fiscal year 1960 applications for grant reservations totaling $1,124 million; whereas, the Sparkman bill would provide authorizations for only $700 million.

So the question is clearly posed to the Senate: Do we want to have rationing of urban renewal, or do we want to finish the job as it was started by Senators Wagner, Ellender, and Taft? That is the clear, simple issue before the Senate at this time.

That is all I wish to say for the present. Does the Senator from Alabama desire time? If he does not, I am prepared to yield back the remainder of my time.

Mr. SPARKMAN. Mr. President, I am prepared to yield back the remainder of the time on this side.

Mr. CLARK. I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. YOUNG of Ohio in the chair). All remaining time has been yielded back.

The question is on agreeing to the amendment, "2–3–59—B", of the Senator from Pennsylvania. 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. ANDERSON], the Senator from Alaska [Mr. GRUENING], the Senator from Montana [Mr. MURRAY], the Senator from Maine [Mr. MUSKIE], and the Senator from Wyoming [Mr. O'MAHONEY] 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 Montana [Mr. MURRAY] and the Senator from Wyoming [Mr. O'MAHONEY] would each vote "yea."

On this vote, the Senator from New Mexico [Mr. ANDERSON] is paired with the Senator from Alaska [Mr. GRUENING]. If present and voting, the Senator from New Mexico would vote "nay," and the Senator from Alaska would vote "yea."

On this vote, the Senator from New Hampshire [Mr. BRIDGES] is paired with the Senator from Oregon [Mr. NEUBERGER]. If present and voting, the Senator from New Hampshire would vote "nay," and the Senator from Oregon would vote "yea."

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

The Senator from New Hampshire [Mr. BRIDGES] is absent; he is in his State to attend the funeral of a friend.

The Senator from California [Mr. KUCHEL] is necessarily absent.

The Senator from New Hampshire [Mr. BRIDGES] is paired with the Senator from Oregon [Mr. NEUBERGER]. If present and voting, the Senator from New Hampshire would vote "nay," and the Senator from Oregon would vote "yea."

The result was announced—yeas 33, nays 56, as follows:

YEAS—33

Bartlett	Hartke	McGee
Byrd, W. Va.	Hennings	McNamara
Carroll	Humphrey	Monroney
Church	Jackson	Morse
Clark	Javits	Pastore
Dodd	Kefauver	Proxmire
Douglas	Kennedy	Randolph
Engle	Long	Symington
Gore	Magnuson	Williams, N.J.
Green	Mansfield	Yarborough
Hart	McCarthy	Young, Ohio

NAYS—56

Aiken	Ellender	Morton
Allott	Ervin	Moss
Bennett	Frear	Mundt
Bible	Fulbright	Prouty
Bush	Goldwater	Robertson
Butler	Hayden	Russell
Byrd, Va.	Hickenlooper	Saltonstall
Cannon	Hill	Schoeppel
Capehart	Holland	Scott
Carlson	Hruska	Smathers
Case, N.J.	Johnson, Tex.	Smith
Case, S. Dak.	Johnston, S.C.	Sparkman
Chavez	Jordan	Stennis
Cooper	Keating	Talmadge
Cotton	Kerr	Thurmond
Curtis	Langer	Wiley
Dirksen	Lausche	Williams, Del.
Dworshak	Martin	Young, N. Dak.
Eastland	McClellan	

NOT VOTING—9

Anderson	Gruening	Muskie
Beall	Kuchel	Neuberger
Bridges	Murray	O'Mahoney

So Mr. CLARK's amendment to the amendment was rejected.

Mr. CLARK. Mr. President——

The PRESIDING OFFICER (Mr. TALMADGE in the chair). The Senator from Pennsylvania.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Pennsylvania yield to me?

Mr. CLARK. I yield.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Monroney-Gore amendment is offered, there be allotted an hour on each side, 1 hour to be controlled by the proponents of the amendment and 1 hour by the opponents.

The PRESIDING OFFICER. Is there objection to the Senator's request?

Mr. MONRONEY. Mr. President, that agreement includes the amendment at the desk, 2–4–59—C. I am not sure whether the Senator from Tennessee may have another amendment. I have no objection to the proposed agreement.

The PRESIDING OFFICER. Without objection, the unanimous-consent request is agreed to.

Mr. JOHNSON of Texas. I thank my friend the Senator from Pennsylvania for yielding to me.

Mr. CLARK. Mr. President, I call up my amendment identified as "2–3–59—C," and ask that it be read by the clerk.

The PRESIDING OFFICER. The amendment offered by the Senator from Pennsylvania will be stated.

The LEGISLATIVE CLERK. It is proposed to strike out all that follows "1963;" in section 305 of the bill and insert in lieu

thereof the following: "except that such limit, and any such authorized increase therein, may be increased, at any time or times, by additional amounts aggregating not more than $150 million if such action is necessary to meet the needs of pending bona fide applications on file with the Administrator: *Provided*, That the amount of capital grants contracted for under this title prior to July 1, 1964, shall not exceed an aggregate of $3,450,000,000."

Mr. CLARK. Mr. President, I desire to modify my amendment by changing the word "may" in the fourth line thereof to the word "shall."

The PRESIDING OFFICER. The Senator has a right to modify his amendment. It is so modified.

Mr. CLARK. Mr. President, I hope I may have the attention of the distinguished Senator from Alabama [Mr. SPARKMAN].

The purpose of this amendment is to provide an automatic escalator clause in the proposal for urban renewal which presently appears in the bill.

At the present time the provision is for $350 million a year for 6 years, but that amount can be increased, at the discretion of the President, to $500 million in any one year by borrowing from an authorization for a subsequent year.

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

Mr. CLARK. I am happy to yield.

Mr. SPARKMAN. The amendment does not change the amount in any sense whatsoever. It somewhat changes the formula by which the escalator clause will operate. I am perfectly willing to accept the amendment.

Mr. CLARK. I thank the Senator for accepting the amendment. I see the Senator from Indiana [Mr. CAPEHART] is nodding his head. Therefore, I think a further explanation is unnecessary. I ask for a vote, Mr. President.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Pennsylvania to the committee amendment.

So Mr. CLARK's amendment to the amendment, as modified, was agreed to.

Mr. MONRONEY. Mr. President, for myself, 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, I call up my amendment "2-4-59—A," with a further amendment which I send to the desk, and ask to have it stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

Mr. GORE. Mr. President, may we have order? A point of order, Mr. President——

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. GORE. I make the point of order that the Senate is not in order.

The PRESIDING OFFICER. The Senate will be in order.

The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 74, beginning with line 23, it is proposed to strike out all through line 4 on page 75.

On page 152, strike out lines 3 through 12.

On page 152, line 13, strike out "(c)" and insert in lieu thereof "(b)."

On page 153, line 4, strike out "(d)" and insert in lieu thereof "(c)."

Mr. MONRONEY. Mr. President, this is a very simple amendment. First, it would freeze the interest rates at 4¾ percent on GI housing loans instead of permitting them to rise one-half of 1 percent to 5¼ percent, as proposed in the committee bill. Secondly, it would freeze the present rate at 4½ percent on Capehart housing, instead of permitting the rate to rise to 5 percent or to 5½ percent at the discretion of the Commissioner.

Mr. President, the amendment and the fiscal policy which it involves, far transcend anything contained in the housing bill. I think if we adopt the committee bill, we will be permitting a policy of continuing the upward spiral of interest charges fixed by the Congress, help speed ourselves toward a fiscal debacle.

I say that with all possible sincerity. The proposal which is made in the committee bill will have repercussions with respect to the difficult problem faced today by the Secretary of the Treasury in the selling of Government bonds. If the committee proposal is adopted, before the present session is completed, this year, the Secretary of the Treasury will be asking this Congress to break the statutory ceiling on interest charges on the public debt, which today stands at 4¼ percent. I know whereof I speak. I know the worry which the Secretary has with respect to the increasing difficulty of finding purchasers for Government securities which are being put on the market.

It is very well to say: "We have to have GI housing, therefore, we are going to again increase the ceiling which was raised one-fourth of 1 percent less than 10 months ago." Now we are asked to double that increase, by raising the rate another one-half of 1 percent only 10 months later. We shall then have raised the GI interest rate by three-fourths of 1 percent within a year.

These are federally insured mortgages. Certainly when the Congress legislates an upward spiral of interest costs it cannot be isolated and it will not be isolated from the impact this action will have on the cost of handling the Federal debt. The sitdown strike which is existing in the financing of Government securities does not just apply to mortgages on GI housing, but applies to every element of Federal financing. Under the tight money and the high interest rate policy of this administration, the bidding gets higher and higher.

Let us look at the record. Only last week the Secretary of the Treasury had to refinance more than a billion dollars' worth of long-term bonds on which the Government had been paying 2 percent interest. How did the Secretary manage to refinance those bonds? He refinanced with 2-year issues at 4-percent interest. The interest cost doubled in this refinancing operation.

If we follow the history of what the Treasury is being asked to pay for 90-day notes, we observe that the stranglehold on the financial structure by the men who have power in this administration is creating inflationary pressures beyond anything Congress would create in handling the budget of the President. How else can we explain the estimated $495 million increase, for the interest cost in this year's budget? That is a half billion dollars going out the window. As Cal Coolidge used to say, interest is "the rent for the money." It does not buy any aircraft. It does not buy any missiles. It does not buy any dams. It does not buy any highways or airports. This is price support for the bankers, which has been the policy of this administration ever since it took office. That policy has never let up 1 minute, in the drive for higher and higher interest rates, seeking more and more rent on the money.

It is now 10 months, almost to the day, since the Congress raised the GI interest rate by one-fourth of 1 percent. Then we were promised by every Republican speaker that such action was going to release a flood of money greatly needed to facilitate the sale of GI home mortgages in the open market. We were told it would do away with discount rates and would bring about private ownership of these mortgages, instead of channeling them into FNMA or other Government institutions.

The ink was hardly dry on the one-quarter of 1 percent interest hike 10 months ago before discounting started again. The discounting has been going on ever since. I venture to say that the ink will hardly be dry on the proposed increase, if agreed to, before we will find the money changers discounting again, thus absorbing more and more of the money which the GI will pay for his house. This will raise the interest costs from what they were before the last interest rate hike by an average of more than $6.10 a month in the rent, over a period of 30 years. It will raise the ultimate cost of ownership over the 30-year term of the mortgage, with the interest rate increase of one-quarter of 1 percent last year and one-half of 1 percent as proposed for this year, for a little $13,000 GI house by a total of $2,190.

This is no time to be raising prices on home ownership, or to force the GI's, whom we purport to help, to pay more and more interest. Under the guise of trying to help the GI's, the Government charges them—because we have a fund to make direct loans in areas where financing is not available, as the Senator from Tennessee (Mr. GORE) said last night—the highest interest rate ever charged an individual during the past 20 years by his Government.

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

Mr. MONRONEY. I am happy to yield to my distinguished colleague.

Mr. GORE. Is not the effect of the interest rate provisions of the pending bill to inflate the cost of a house?

Mr. MONRONEY. Indeed it is. It increases the cost of ownership, or rent, or service on the debt, by more than $6.09 a month.

Mr. GORE. Does not the Senator find it an unusual performance for the great Government of the great United States of America to enact a law providing a Government guarantee for a mortgage on a home, yet finding itself either unable or unwilling to support that federally guaranteed mortgage at the face value thereof?

Mr. MONRONEY. I think it is disgraceful to allow those who have a corner on the money market to obtain almost as much interest today for a Government-insured mortgage as they used to get for mortgages without Government insurance. We partially vitiate the FHA and GI programs when we find the rate on Government-insured home mortgage loans kicking up around the 6 percent level.

The last section of my amendment deals with the provision which would increase the interest rate on Capehart housing, which today is 4¼ percent. The ceiling on such financing is 4½ percent, by legislative mandate. The proposal before us would increase it to 5 percent, with discretion to go to 5½ percent.

Capehart housing, which is military housing, is financed in its entirety, from the construction to complete payout, by Uncle Sam. This is the loan Uncle Sam gets for the houses built on military bases, which are supposed to pay out in 25 years at $90 a month. The renter is Uncle Sam, and the Congress pledges that money will be made available to the Department of Defense to pay the interest and principal on such loans.

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

Mr. MONRONEY. I yield.

Mr. GORE. The Government of the United States is making nuclear fuel available to private power companies for the development of atomic power at loans bearing 4 percent interest. It is lending money to shipbuilders at 3½ percent. What justification does the Senator find for raising the interest rate on veterans' loans to 5¼ percent, particularly when that has the far-reaching effect, to which the Senator has already referred, upon the interest cost of the national debt?

Mr. MONRONEY. I quite agree that we are demanding of the veterans more interest than we demand from purchasers of farms and other things which the Government finances. Certainly we are not giving the veterans anything. Those who think we are have not looked at the figures. A veteran can borrow from the VA, under the proposed increase, at 5¼ percent, or he can go to the FHA, which conducts a companion operation, and borrow for 5¼ percent, as of today. Historically there has always been a difference, by statute requiring that GI rates had to be one-half of 1 percent lower than FHA rates. This bill would wipe out that statutory difference. Are we giving the veteran anything? Today we are lending money to the nonveteran, or to anyone else, at the same 5¼ percent of FHA rate. That is the same rate which is proposed in the bill for loans to veterans.

As interest rates reach outer space, it is having the effect of giving priority to private investment rather than the financing of the $280 billion debt, which must be rolled over in huge amounts almost every other month by the Treasury.

When we again start interest rates up, the man who has money to invest on a long-term basis will wait for the next raise, and an increase of one-fourth of 1 percent or one-half of 1 percent will accomplish that result.

When the bill was before us 10 months ago my very dear friend the Senator from Utah [Mr. BENNETT] said on the floor:

> By raising the interest rate one-half of 1 percent, a flood of money was brought to bear on the veterans' housing problem. A similar realistic facing of the interest problem of 1958 could bring about the same kind of result.

Where is the flood? It went down to a small trickle in about 3 months after the passage of that act.

My dear friend the Senator from Connecticut [Mr. BUSH] said on that occasion:

> What we are seeking to do in the bill is to provide the veterans, as the American Legion so urgently requests, with the same possibility of attracting money as is afforded other citizens, and at a differential of one-half of 1 percent * * *. The committee bill would establish a ceiling, not a floor.

Ten months ago there was the promise of great results. Throughout the debate we were told, "Give them this added money and we will be able to release a flood of private investments that will meet the need for GI housing."

The Senator from Pennsylvania [Mr. CLARK] pointed out that the mortgage rate decline was being delayed by a relatively small number of mortgage lenders, who can hold up the rate long after the general money market nas loosened.

I took occasion to point out that there was no wisdom in throwing a baby off the sleigh to the wolves, because every time we throw a baby off the sleigh the wolves will follow the sleigh for another baby. We threw one baby out, in the form of an additional one-fourth of 1 percent interest. The wolves are back looking for twins, one-half of 1 percent interest.

The Capehart mortgages are as good as a Government bond. Why should they bring 5 or 5½ percent interest, which is the proposed ceiling in the bill? What effect would breaking the ceiling have? It seems to me that when we increase the rate we are bound to increase the cost to the Government borrowing generally.

I took occasion to check the Capehart financing. We have outstanding, under construction today, $1,139 million worth of housing, and the Federal National Mortgage Association has commitments for $424 million of this money; $660 million is in private commitments. Using that as a gage, if we raise the interest rate on Capehart housing, by three-fourths of 1 percent, it would mean that in 30 years it will cost us $196,375,000. That is one example.

FNMA has a considerable portfolio of Government insured mortgages, a total of $3,244 million. A substantial proportion of them represent Capehart housing, at 4 percent. If we raise the rate to 5 percent on Capehart housing, we shall lose many millions of dollars in the resale value of these older issues.

Something will have to be done to keep from breaking the private contractors. I have talked to some of them, and they are very much concerned. They are relying on private financing for $660 million, and they have standby commitments on 4¼ percent mortgages. If we raise the rate to 5 percent, what will it do to those people? They are under firm contracts. The result will be that their 4¼-percent mortgages will be worth 95 instead of 100 percent on the market. Therefore they will have to further discount the bonds.

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

Mr. MONRONEY. I am happy to yield to the Senator from Tennessee, the cosponsor of the amendment.

Mr. GORE. Was not one of the principal purposes for which the Federal National Mortgage Association was created the support of Government-guaranteed and Government-insured home mortgages at par?

Mr. MONRONEY. It was; and it worked very well throughout the war years and throughout the postwar years under Democratic administrations. Then it was organized into a cooperative under a half private, half public operation.

Instead of supporting the mortgages at par, as was done under Democratic administrations, FNMA has since become the leading discount house in the country. The argument is, "We must reflect the discounts in the various States." Many builders have told me that the discounts are actually fixed by FNMA. They find out what the discounts are locally, and they join together and buy at the discounted rate, giving encouragement to the discounting of the home mortgages which the agency was originally founded to support.

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

Mr. MONRONEY. I yield.

Mr. GORE. The able Senator from Oklahoma was formerly a Member of the House of Representatives. It was my pleasure to serve with him as a member of the Banking and Currency Committee of that body. In that position he and I cooperated in the writing of housing legislation.

Therefore it is with some experience that he and I speak in this field. The Senator has served on the Banking and Currency Committee of the Senate. He has just now said that FNMA operated successfully in supporting federally guaranteed home mortgages for a number of years.

Mr. MONRONEY. At par.

Mr. GORE. At par. I ask him whether it did not operate profitably to the Government as well as successfully to the homeowner.

Mr. MONRONEY. It operated at a very substantial profit. When a sitdown strike would occur among insurance companies and the New York banks, who control the money market, FNMA would buy those mortgages. When it was found that the Government was ready and willing to buy Government-insured mortgages at par, that would again start the flow of private money. The private sources would turn the faucet on. The Republican Members of the Senate forced through the one-fourth of 1 percent increase in the interest rate last year. The motivation of the proposed increase is again coming from the same side of the aisle. It will again benefit the men who can turn the money on or off. They are the men in the big money marts. Those operations will add fuel to inflation. The money manipulators would wreak havoc in our finances, at the expense of the public, so great is their greed for higher interest rates.

Mr. GORE. What the Senator proposes in his amendment is to retain the present interest rates. If his amendment is adopted, I shall then propose an amendment which will direct the Federal National Mortgage Association to do what it was created to do and to do what it did successfully and profitably for 14 years under three administrations; namely, support the price of Government-guaranteed and Government-insured home mortgages at par.

Mr. MONRONEY. I am glad to hear the distinguished Senator say that. We have discussed the subject. It can be seen that every time the interest rate jumps, the cost of housing goes up.

Mr. GORE. Does the Senator agree that an inflationary spiral in interest rates is a major contributing cause to higher prices and thus a contributing cause to inflation itself?

Mr. MONRONEY. It certainly is, because the effect of the interest rates today bears on every part of the economy. If we raise the interest rate on housing, as the committee bill proposes to do, it will be followed by an increase in the cost of automobile financing and financing of appliances. It enters into the cost-of-living index by raising the purchase price, not just by the amount of the increase on the home mortgage—because that is prime credit—but a one-half of 1 percent rate can become a 2 percent interest rate in carrying charges on automobiles or 3 percent on washing machines. The cost of mortgages, the cost of the things the public buys, the cost of farm financing, and the cost of financing little businesses are all set in the same money market that the bill helps, and all of it takes its cue from the financing that is done by the Government.

I dread to face the people who brought about the election of overwhelming majorities of Democrats in the Senate and in the House when they find that the first bill which passed Congress was a bill designed to raise the interest rates on the things that they must buy.

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

Mr. MONRONEY. I am glad to yield to the Senator from Texas.

Mr. YARBOROUGH. A moment ago the distinguished Senator spoke about the drive for higher interest rates coming from the other side of the aisle, from the Republicans. I campaigned in a number of States last fall, as did the distinguished Senator from Tennessee. I found that one of the great causes of dissatisfaction on the part of the American people with the Republican administration was the high interest rate constantly kiting up and up.

I ask the distinguished Senator from Oklahoma, who is so ably presenting his argument, not for the Democratic Party, not for himself, not even for the Senate, but for the American people, if he does not think the tremendous Democratic vote last fall was a mandate to hold the line on interest rates and not to hike them another round.

Mr. MONRONEY. I am as certain of that as I am of anything I have ever believed. I am certain that the inclusion of a mandatory increase in interest rates in the first bill we pass will set a sorry pattern of achievement for a Democratic Senate, a Senate whose slight Democratic majority has been increased to almost a two-thirds majority. I think we have a mandate from the public. I do not think the mandate is to enrich the bankers of Wall Street or those who lend the people's money, who operate the big insurance companies, and who hold back and reserve their funds until the Government, on its knees, or Congress, by its lack of wisdom, goes through the stratosphere on interest rates for GI housing and on Capehart paper.

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

Mr. MONRONEY. I yield.

Mr. GORE. Before we leave the question of the inflationary effect of high interest rates, I wish to remind the Senator that we have either heard or read some sermonettes about how labor should be restrained, how labor should not ask for higher wages, and how higher wages have contributed to higher prices. How, I ask the Senator, will labor be discouraged from asking for higher wages, when by reason of higher interest rates houses will cost more, automobiles will cost more, and washing machines will cost more? How will labor be discouraged from making these demands when the general cost of living, the cost of going, the cost of doing, is increased?

Mr. MONRONEY. The Senator is exactly correct. The imposition of increased interest rates will result in giving less and less for a price which is more and more.

Mr. GORE. As a small businessman in private life, I can testify that the cost of borrowing money reflects itself in a higher price for the commodity my business sells. Every other businessman can so testify.

Mr. MONRONEY. The Senator is absolutely correct.

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

Mr. MONRONEY. I yield.

Mr. CAPEHART. I do not wish to get into a debate or argument on the subject, but I think this is a good point at which to place certain facts in the RECORD.

The present law permits the interest rate for Capehart military housing to go up to 4½ percent. It permits the Administrator to raise that rate to 4½ percent. However he has set it at 4¼ percent. Therefore, he has never charged the maximum which Congress said he could charge.

For FHA housing—that is the big housing, the kind of houses which the wage earner of America buys—there has been a law for many years which permits the Administrator to charge as much as 6 percent interest, but until now he has raised it only as high as 5½ percent.

Under the Veterans' Act, the Administrator is permitted to charge up to 4¾ percent. But the rate has gone up only to 4½ percent, as I understand.

What we are talking about concerning so-called interest rates in the bill is not an increase in interest rates. We simply set for the Administrator a ceiling or a top beyond which he may not go. There is not a single section in the bill under which the Administrator has yet charged the highest interest rate the law permits.

I call attention to the mortgages for veterans, handled by the Veterans' Administration. Those matters are considered in the House by the Committee on Veterans' Affairs, which is headed by Representative TEAGUE, of Texas.

Mr. MONRONEY. Will the Senator be so good as to yield himself time?

Mr. CAPEHART. I shall be very happy to speak on my own time.

Mr. MONRONEY. I thank the Senator.

Mr. CAPEHART. Representative OLIN TEAGUE is chairman of the House Committee on Veterans' Affairs. That committee handles veterans' housing legislation in the House, and in a House bill has permitted the Administrator to increase the interest rate to 5¼ percent.

The House, which I am certain is not dominated by those mean Republicans the Senator from Oklahoma has been talking about, voted yesterday, 366 to 86, to permit the Administrator of Veterans' Affairs to raise the interest rate on veterans' housing to 5¼ percent.

If that is all wrong, do not blame us Republicans; blame it on the Democratic control of the House. I think they did the right thing. If I had been a Member of the House, I would have voted for it. I shall vote for it here.

This does not mean that if we pass the bill, the Administrator will raise the interest rate to that point at the moment, because he has never yet done so. Similarly, the Federal Housing Administration has never raised its rate to 6 percent, although ever since the law went into effect, the FHA has been permitted to go to 6 percent.

Mr. MONRONEY. Did I correctly understand the Senator to say that the Administrator of Veterans' Affairs has not used the full authority we voted him last year—10 months ago?

Mr. CAPEHART. No. I am quite certain of that. Has he raised the rate to 4¾ percent?

Mr. MONRONEY. Yes; he has set it at 4¾ percent. We do not touch the FHA rate. The FHA has always had a statutory 6 percent ceiling.

Mr. CAPEHART. Their rate now is 5½ percent; is it not?

Mr. MONRONEY. It is 5¼ percent.

Mr. CAPEHART. The Capehart military housing rate is 4½ percent, but it has not gone beyond 4¼ percent. It could go up another 1¼ percent.

What the Committee on Banking and Currency endeavored to do with respect to the raising of the ceiling on interest rates was to make them all the same, on the premise that a wage earner, who may or may not have been in the service, is entitled to the same sort of treatment as one who was in the service, or vice versa. The Senator should understand that a veteran gets a great advantage because he can buy a house without any downpayment, whereas the wage earner cannot buy a house without a downpayment.

Mr. MONRONEY. The wage earner pays 5 percent.

Mr. CAPEHART. He pays anywhere from 5 to 10 percent.

Mr. MONRONEY. So we are not giving the veteran very much; are we?

Mr. CAPEHART. The veteran gets the benefit of not paying a service charge of one-half of 1 percent. We are merely endeavoring to treat everyone as nearly alike as we possibly can. We still want to give the veteran the advantage of no downpayment and of not paying the one-half of 1 percent service charge.

The bill passed by the House, sponsored by the Senator's Democratic colleague, Representative TEAGUE, chairman of the Committee on Veterans' Affairs, was passed yesterday by a vote of 366 to 86, purely on the basis that it might be necessary to increase the interest rate on veterans' mortgages, in order to enable veterans to get housing, in order to sell mortgages.

If the Administrator of Veterans' Affairs does not need to increase the rate to 5¼ percent, I am certain he will not do so, because the record of the Administrators of Veterans' Affairs, and of the Federal Housing Administration over the years, under both Democratic and Republican Presidents, is that they have never gone up to the ceilings, generally speaking. At least, the Administrator of the FHA has never done so.

Those are the facts. Perhaps Representative TEAGUE made a mistake. Perhaps his Committee on Veterans' Affairs, which handles veterans' matters exclusively, was wrong. Perhaps the House itself was wrong yesterday in passing the bill by a vote of 366 to 86. Perhaps the Senate Committee on Banking and Currency, which voted unanimously to do what is now proposed, was wrong. But certainly we are trying to treat all people alike. We are trying to make it possible for mortgages to move; to make it possible to build homes and sell them; to maintain employment; and still to give veterans an advantage. That is the only reason for what we have done. There is no other reason. It has nothing to do with the general increase in interest rates or interest on bonds. That is another matter, and it was not considered by the Senate Committee on Banking and Currency. I feel certain that it was not considered by the House Committee on Veterans' Affairs.

I am simply trying to be factual; I am trying to state the facts, and trying to straighten out the record.

The Senator from Oklahoma is trying to leave the impression that the Veterans' Administrator will immediately increase the rate to 5¼ percent.

Mr. MONRONEY. He did increase the VA rate immediately following the last rise; he did not wait long. And now he is ready to make another increase in the VA rate.

Mr. CAPEHART. The Senator from Oklahoma assumes that he will do so as a result of this bill.

Mr. MONRONEY. He did that in the past. As a result of this bill, I expect the VA rate to rise; and when that happens, I expect the FHA rate to rise to one-half of 1 percent higher than the VA rate, because there has been a historic differential of one-half of 1 percent between the two rates. If the GI or VA rate is increased to 4¾ percent, I expect that the FHA rate will be increased to 5¼ percent, in order to preserve the historic differential.

Mr. CAPEHART. But the increase in the veterans' interest rate was not a Republican measure; it was passed by the House of Representatives, after it had been reported to the House by a committee headed by Representative TEAGUE, of Texas. If that was wrong, then the Democratic-controlled House made a mistake.

I do not like to have the Senator from Oklahoma state for the RECORD that this is a Republican measure. Such a statement should not be made, because the Senate Banking and Currency Committee is composed of 10 Democratic members and 5 Republican members, and they voted unanimously in favor of this provision.

In the House, I believe the Republicans have 160 Members; and 366 Members of the House voted to do that. Perhaps they did not know what they were doing; perhaps they made a mistake. But if they made a mistake, that is no reason why the Senate should make a mistake.

Mr. MONRONEY. And if the House did make a mistake, that is all the more reason why the Senate should not also make a mistake.

Mr. CAPEHART. Furthermore, the committee which handled this matter in the House of Representatives devotes its attention exclusively to veterans' affairs and, as a result, is close to the veterans.

There is now pending in the Senate a resolution for the establishment of a Veterans' Affairs Committee of the Senate. I favor the establishment of such a Senate committee, because I think such a committee can better handle such matters.

But in this instance a House committee which deals only with veterans' affairs, and which should have known what it was doing, reported the increase to the floor of the House; and then the House of Representatives voted for it by a vote of 366 to 86. So let us keep the record straight.

Perhaps it is not a good thing. I think it is. The Senator from Oklahoma is entitled to be opposed to it, if he wishes to be. But he should not be opposed to it on the basis that it has not been properly considered and that it is a Republican measure. Actually, it is not a Republican measure, and it was properly considered.

I am only making a sincere effort to make sure that a veteran, without making a downpayment, without paying a service charge of one-half of 1 percent, which the ordinary wage earner does have to pay, will be able to buy a home and will be able to have the mortgage on his home purchased by someone. If a veteran who wishes to purchase a home cannot sell a mortgage on his home, he cannot buy a home.

Mr. MONRONEY. Mr. President, at this point will the Senator from Indiana yield for a question?

The PRESIDING OFFICER (Mr. LAUSCHE in the chair). Does the Senator from Indiana yield to the Senator from Oklahoma?

Mr. CAPEHART. I yield.

Mr. MONRONEY. Was the 5¼ percent contained in the Sparkman bill; and was the 5½-percent rate on Capehart housing contained in the Sparkman bill or in the Capehart bill?

Mr. CAPEHART. It was in the Sparkman bill.

Mr. MONRONEY. Is the Senator from Indiana certain of that? Let me ask whether the chairman of the committee is in the Chamber at this time. I cannot find such a provision in the Sparkman bill, but I found it in the Capehart bill.

Mr. CAPEHART. My memory on that point is not good; but I know that the committee—5 of us Republicans, and 10 Democrats—voted to put it in. My memory on that point is not good, and I do not know. But I know we considered it, and I know the vote was unanimous.

I also know that this committee accepted the increase in the ceiling in the case of veterans' housing only because the House had passed that measure and because the committee on that side of the Capitol asked the Senate to do likewise. That was the only reason why we did it.

Will the Senator from Oklahoma permit me to state, in my own time, that in the case of section 203, which deals with the sales of houses, we permitted the ceiling to rise to 6 percent, as it was in the case of FHA houses. Some $30 billion worth are outstanding.

In the case of rental housing, we permitted the rate to rise to a ceiling of 5½ percent; in the case of cooperative housing, we permitted the ceiling to rise to 6 percent; in the case of nursing homes, we permitted the ceiling to rise to 5½ percent; in the case of housing in renewal areas, we permitted the ceiling to rise to 6 percent; in the case of relocation rental houses, we permitted the ceiling to rise to 6 percent; in the case of military housing, we permitted the ceiling to rise to 5½ percent; and in the case of VA housing, we permitted the

ceiling to rise to 5¼ percent, all in an effort to sell the bonds, because here are the facts, regardless of whether Senators like them or do not like them, regardless of whether the situation should be this way or should not be, regardless of whether it is wrong or whether it is right: The veterans' housing mortgages and many of the other mortgages were being sold at a discount, in order to equalize the rate or so that they would secure the same interest rate as that for the straight FHA housing. In other words, the mortgages were being discounted at 96 percent, 94 percent, 92 percent, or 90 percent, so that the income to the purchasers of such mortgages would be the same as in the case of what we call standard FHA mortgages for which the rate is, of course, 90 percent of the rate for an FHA loan.

Mr. MONRONEY. Mr. President, at this point will the Senator from Indiana yield?

The PRESIDING OFFICER (Mr. HART in the chair). Does the Senator from Indiana yield to the Senator from Oklahoma?

Mr. CAPEHART. I yield.

Mr. MONRONEY. For how many months after we pass this new interest rate increase bill does the Senator from Indiana expect these mortgages not to be discounted?

Mr. CAPEHART. I cannot answer that question.

Mr. MONRONEY. The last time the rate was increased, the discounting began 3 months afterward.

Mr. CAPEHART. Of course, I cannot answer that question, and neither can anyone else.

I am simply explaining what happened in the House of Representatives, and what happened in that committee, and why our committee voted for this: It was to try to make all Government-guaranteed, Government-sponsored mortgages carry the same interest rate, so there would not be any advantage or any disadvantage in the case of any of them, and in order to give the Administrator a ceiling to which he could raise the rate. Once that ceiling is established, the Administrator will be able to raise the rate as high as the ceiling; and, according to the market conditions, he will be able to raise the rate or to lower the rate.

Under the FHA, the rates have been raised or lowered, due to market conditions; but at no time have they ever been as high as 6 percent; at least, I believe that is a correct statement.

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

The PRESIDING OFFICER. The Chair is advised that the Senator from Indiana has used 12 minutes, and that the Senator from Oklahoma has 26 minutes remaining.

Mr. MONRONEY. Mr. President, it would be a very fine thing if only for once, when the authorities are leveling off the interest rates, the high rate might go down, instead of the low rate going up. But I have not seen that happen for a long, long time.

I have had a check made by the staff, and the staff finds that this increase in rates was not included in the Sparkman bill, but it was in the Capehart bill, which originated with the Republicans; and I have great suspicion that it got into the bill by means of the so-called overwhelming vote because the feeling in the committee was that the housing bill would be vetoed if it was not sugared up enough to please the occupant of the White House, who happens to believe in higher interest rates.

Mr. MORSE. Mr. President, will the Senator from Oklahoma yield to me?

Mr. MONRONEY. I yield.

Mr. MORSE. I shall be brief, but I wish to make a comment, for the record, in support of the position taken by the Senator from Oklahoma.

As he knows, I supported him in opposition to increases in the interest rates; that was my position the last time we had a fight on the floor of the Senate over proposals to increase the interest rates.

At this time I should like to ask several questions.

Is it the opinion of the Senator from Oklahoma that the American people made rather clear to us, in district after district, during the last campaign, that they were concerned about high interest rates?

Mr. MONRONEY. Yes; I thought that was one of the major issues in the campaign.

Mr. MORSE. Is the Senator from Oklahoma aware—as I am—that a good many Democratic candidates for election to both the Senate and the House of Representatives campaigned against high interest rates, and pledged that they would try to do something to protect the American people from being further exploited by the financial interests of the country, by constantly pushing up interest rates?

Mr. MONRONEY. Yes; that was one of the keystones of the campaign.

Mr. MORSE. Does the Senator from Oklahoma agree with me that one of the causes of the inflationary threat is the increase in the cost of money to borrowers?

Mr. MONRONEY. Yes; I would say that this is the major part of the Eisenhower inflation. As I pointed out earlier, this year the increase in the cost of carrying the public debt—or, as Cal Coolidge used to call it, the rent on the money—is half a billion dollars greater than it was last year; in fact, in the budget, the item for interest on the public debt is second in size only to the budget items for defense expenditures.

Mr. MORSE. Of course Oregon is, generally speaking, a one-industry State; that industry is lumber. Therefore, the effect of interest rates on housing construction is of vital concern to all the people of Oregon, in all economic groups. Does the Senator from Oklahome share my point of view that one of the reasons—although of course there were others—for the great slump in the home construction industry and the construction industry generally during the recession—which is far from over, as yet—was the problem of the increased cost of money, which discouraged people from building homes?

Mr. MONRONEY. Indeed I agree, plus the fact that the cost of raw materials—such as lumber, masonry, brick, or interior woodwork—has risen as the cycle of interest rates has risen. Today the interest rate is a very important part of all business costs.

Mr. MORSE. Assuming for a moment that a part of our problem is the increase in the cost of money, to the point that many veterans are discouraged from building homes or from buying homes, does the Senator from Oklahoma believe that when we have that kind of evil situation existing in a democracy, it then becomes the duty of the Government to step in and to offer remedies which will eliminate that evil, such as, for example, by making available Federal funds at reasonable interest rates, which will have the effect of driving the money changers out of the temples of Government?

Mr. MONRONEY. I do, indeed.

Mr. MORSE. I will say to the Senator from Oklahoma that I am glad that no one will ever read in my voting record in the Senate of the United States tonight that I voted to impose what I think is an unconscionable interest rate proposal on the veterans of America.

Mr. MONRONEY. I thank my distinguished colleague. I am sure he will agree with me that when we talk about fixing ceilings, they mean nothing, as the distinguished Senator from Indiana has said. We have seen how the interest rate was increased for GI's last year, and how quickly the same old practice of discounting paper was resumed. It is so unnecessary.

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

Mr. MONRONEY. I am happy to yield.

Mr. GORE. Lest a new Member of the Senate may think the course suggested by the junior Senator from Oklahoma and the junior Senator from Tennessee is new and untried, let me point out that the Federal National Mortgage Association now has unused authority to purchase Government-guaranteed and Government-insured home mortgages in the amount of $1,400 million. I should like to point out further that its total authority in that regard is $2,800 million, of which amount it has used approximately one-half. I propose that this agency use this authority to support Government-guaranteed and insured mortgages on American homes at par value.

Mr. MONRONEY. I quite agree with my distinguished colleague. If the agency would stop operating merely to show a profit, if it would try to operate to serve the purpose for which it was established—namely, to support Government mortgages at par—we would not be called upon for all these increases, which cost hundreds upon hundreds of millions of dollars, or billions of dollars,

before we get through with the interest charge. Yet the agency made last year—and it is very proud of it—$8,500 million. For the first 5 months of the fiscal year 1959, the agency has made $4,385 million.

I am in favor of private business making a profit, but I think the first duty of a Government agency is to do the job it was set up to do, and in this case it was to try to prevent inflationary charges of interest rates, by knocking down discount rates or by preventing spiraling rates of interest.

Mr. President, I reserve the remainder of my time.

Mr. BUSH. Mr. President, will the Senator yield me 10 minutes?

Mr. DIRKSEN. Mr. President, in the absence of other Senators who wish to speak in opposition, I am glad to do so. I yield the distinguished Senator from Connecticut 10 minutes.

The PRESIDING OFFICER. The Senator from Connecticut is recognized for 10 minutes.

Mr. BUSH. Mr. President, I shall not speak long on this subject. It seems as though every time the question of interest rates comes before the Senate a great deal of misinformation is handed out and a great deal of misunderstanding is reflected in the remarks of various Senators.

I was impressed with the extreme statements made by the Senator from Oklahoma this evening, and I may say I was very unfavorably impressed by some of the conclusions which he drew respecting the matter under discussion—namely, the rising interest rates on veterans' loans.

The Senator from Oklahoma seemed to suggest there was some sort of collusion between the Committee on Banking and Currency and the evil bankers of Wall Street. I wonder if he thinks that collusion extends so far that the House of Representatives is also in league with the terrible Wall Street bankers, because the House of Representatives adopted the very proposal on which the Senate is asked to vote in this bill, namely, to increase the interest rate ceiling to 5¼ percent.

I remind my friend from Oklahoma and other Senators who are so favorable to his views that the Wall Street bankers are not interested in this proposal as Wall Street bankers, nor will they benefit from this proposal. The people who will benefit are the small savers of the United States, the people who own savings accounts, the people who have an interest in pension funds, the people who own life insurance policies and who have credits in savings and loan associations. Those are the funds which are loaned for mortgages. It is not the demand deposits of the commercial banks which are loaned. So the assertion that the proposal is a bankers' paradise is without foundation, in my judgment.

The allegations are unfair to the Banking and Currency Committee, which unanimously voted to report the bill to the Senate. There was no opposition to it. There was some discussion about it, but, in the final analysis, there was no opposition. I suggest, in all reason, that there is no basis for the suggestion that the proposal resulted from pressure from Wall Street or any other street, as the Senator from Oklahoma has indicated in his previous remarks.

Another assertion which keeps coming up when matters of this kind are discussed is the so-called tight money policy or high interest policy of this administration. I have repeatedly said on the floor of the Senate, and I say it again tonight, that there is no such policy. This administration has no tight money policy, and never has had. It has no high interest rate policy. But it has one policy which is very important to the American people regarding money, and that is a sound money policy. It has bent every effort to keep the money of this country on a sound basis. That is one of the issues involved in the proposal before the Senate.

My good friend from Oklahoma speaks of the inflationary force of the higher interest rates provided for in the bill. Actually, it is not an inflationary force at all. I submit that the history of Government finance in this country will show that it is artificially depressed interest rates which are inflationary and which have an inflationary effect, and not a policy which allows interest rates to move up and down as the law of supply and demand indicates.

So I dispute absolutely what my friend from Oklahoma asserts are the inflationary aspects of the bill. I submit the situation is exactly the opposite. The bill does not make for inflation. It makes for stability. It makes for a free market. It implements the sound money policy of this administration. I am pleased that the Banking and Currency Committee was wise enough to endorse the policy of the administration in submitting the 5¼ percent interest rate ceiling which is provided for in the Sparkman bill.

My good friend has mentioned, too, the Federal National Mortgage Association operation and said that FNMA was doing what it was created to do. I took issue with that statement yesterday, and I do it again, on the basis that FNMA was originally created to provide some stability to the mortgage market and to provide a secondary market for mortgages.

I submit that FNMA has gone far beyond the original conception of the organization. It is becoming an investment banker dealing in mortgages. I put in the RECORD yesterday—it is available at page 1755—a statement which shows that FNMA at the present time owns approximately $5,400 million of mortgages.

It is said that FNMA makes money for the taxpayers. I submitted yesterday a statement—it may be found in the RECORD at page 1755—which shows the net income it makes during the year. If one computes the total return on the $5,400 million of mortgages which were in the portfolio of FNMA at the end of 1958, he will see that the return on that amount was something on the order of two-thirds of 1 percent.

I submit, that is not very good business. I do not think that would attract the savings of any Senators or of any of their constituents.

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

Mr. BUSH. I am not one who is delighted with the way FNMA has proceeded, nor do I feel it is a particularly good idea for this Government to keep on plowing mortgages into the Federal Treasury, which is what the FNMA operation really does. I have no right to object to the holding of a view in this regard, but I take issue with the view that the FNMA operation is in its present form a sound one. I think it ought to be very substantially reduced. This is one of the reasons why I favor the Sparkman bill and the raising of the GI interest rate ceiling to 5¼ percent, so that we will attract money from the money market into these mortgages and will not further burden the Federal Treasury, which could be burdened under the provisions of the bill up to $150 million. This action would of course invade the budget by that much, if it were done in a budget year.

I am glad to yield to the Senator from Tennessee.

Mr. GORE. The able Senator has very frankly stated his views. That is characteristic of the distinguished Senator. Although the Senator thinks it is unsound, or at least a questionable policy, for an agency of the Government to provide a secondary market for Government-guaranteed mortgages, I think that such an activity on the part of the Government is absolutely essential to a Government guarantee of home loan mortgages.

The able Senator has said that the portfolio held by the Federal National Mortgage Association in 1958 showed a return of something less than 1 percent; is that correct?

Mr. BUSH. The Senator is correct.

Mr. GORE. I ask the Senator, was that a net return?

Mr. BUSH. Yes. That is based on a net income. It is called "net income during the year."

Mr. GORE. Then the able Senator confirms the fact that the agency, which now has in its secondary market portfolio approximately $1.4 billion of mortgages acquired since 1954, held in 1958 a total of between $4 billion and $5 billion of mortgages of all types, on which it realized a net profit.

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

Mr. GORE. The Senator yielded to me.

Mr. BUSH. I have the floor, but I should like to respond to the Senator.

In the testimony before our committee I asked Mr. Baughman, who was the head of the FNMA organization, what the holdings of FNMA were at the most recent time. He told me the holdings were upwards of $5 billion.

The Senator mentioned a figure of $1½ billion, approximately, but the total holdings of FNMA at the present time are more than $5 billion. At the end of 1958 the holdings are as shown in

the RECORD on page 1755. The statement of the FNMA organization shows the total. That is the statement of FNMA.

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

Mr. BUSH. I yield to the Senator, but I should like to have the Senator satisfy his mind that I am not dreaming up these figures. The information is in the RECORD, from the statement of the FNMA.

Mr. GORE. I understand. The Senator is referring to the total holdings, which include the holdings other than those in the particular category about which both the Senator from Connecticut and the junior Senator from Tennessee were speaking.

Mr. BUSH. I am speaking of the total holdings.

Mr. GORE. So the Senator is referring to total holdings, including military housing, section 202, farm programs, management-type cooperatives, and so on. If the Senator is referring to the total holdings then the appropriate figure is the one to which the Senator has referred.

Mr. BUSH. That is correct. I thank the Senator for that agreement.

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

Mr. BUSH. Mr. President, I have no wish to prolong the discussion. I hope Senators will see the favorable aspects of the bill and that they will support the unanimous recommendation of the Committee on Banking and Currency by raising the permissive interest rate, so that the burden of financing these mortgages may be taken from the Treasury of the United States and the money may be provided in the long-term money market and the mortgage market of the people of the United States, the savers of the United States.

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

Mr. BUSH. Mr. President, I yield the floor.

Mr. DIRKSEN. Mr. President, I yield such time as he may desire to the distinguished senior Senator from Virginia [Mr. BYRD].

Mr. BYRD of Virginia. Mr. President, I shall vote against this bill, because I regard it as bad legislation.

It was a bad bill as it was introduced. It was a bad bill as it was reported by the committee. And amendments from the floor have not improved it.

I make this statement after my own analysis of the bill as it was reported from the committee.

In the first place, it is expensive in terms of budgetary expenditures, in terms of authority to expend from public debt receipts, and in terms of committing public credit.

As the bill was reported from the committee, it provided authorizations for budgetary expenditures totaling $3,102 million—$2,277 million out of direct appropriations, and $825 million from authorizations to expend from public debt receipts. In addition, it authorizes further commitment of public credit in terms of Federal insurance and guarantee of private mortgages, and so forth, totaling $10,125 million. The grand total would be $13,227,025,000 in Federal money and public credit.

These amounts are available by years as follows:

For the current fiscal year 1959 the bill would authorize an additional $358 million in contract and other authority to appropriate, $825 million in authority to spend out of public debt receipts, and $5,125 million in additional public credit in terms of authority to insure and guarantee private mortgages—total $6,308 million.

For fiscal year 1960 the bill would authorize $358 million in contract and other authority to appropriate, and $5 billion in additional public credit in terms of authority to insure and guarantee private mortgages—total $5,358 million.

For fiscal year 1961 the bill would authorize $351 million in contract and other authority to appropriate.

For fiscal year 1962 the bill would authorize $351 million in contract and other authority to appropriate.

For fiscal year 1963 the bill would authorize $350 million in contract authority and other authority to appropriate.

For fiscal year 1964 the bill would authorize $350 million in contract authority and other authority to appropriate.

In addition, the bill provides:

First. One hundred and sixty million dollars in contract and appropriation authority without specific fiscal year limitation; and

Second. Authority to spend from public debt receipts for the urban renewal program in unlimited amounts for an indefinite period, subject only to the discretion of the President.

In addition to the excessive costs incident to this legislation, the bill would loosen up virtually all of the numerous Federal housing programs.

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

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

SUMMARY OF PROVISIONS IN SENATE BILL 57 AS REPORTED

This omnibus housing bill of 1959 (S. 57) as reported by the Senate Banking and Currency Committee, would authorize an additional $13.2 billion in Federal funds and public credit to loosen, liberalize, and finance the whole repertoire of Federal housing programs.

These Federal housing programs include FHA (Federal Housing Administration), college housing loans and guarantees, Fannie Mae (FNMA—Federal National Mortgage Association), farm housing, veterans' housing, city planning scholarships, and community facilities.

FHA

This bill would provide for the continuation of the FHA insurance program for another year through fiscal year 1960 with new and accelerated insuring authority of $10 billion—an additional $5 billion for fiscal year 1959 and $5 billion for fiscal year 1960.

(This proposed $5 billion for fiscal year 1959, together with the $4 billion enacted in the last session of Congress, would make a total of $9 billion in new insuring authority available during the current fiscal year 1959.)

With this acceleration, the bill would liberalize all aspects of the FHA insurance program, including coverage, insurable amounts, equity requirements, and cost limits.

Provisions of this bill would permit FHA mortgage insurance to cover commercial and community facilities (which the Commissioner deems "adequate to serve the occupants") constructed in connection with regular rental, cooperative, relocation, and the new elderly persons' housing programs.

The bill relieves banks of the full costs of foreclosure, etc., and requires FHA to pay them. In addition, the bill gives FHA authority to act to avoid foreclosure on certain mortgages (one- to four-family dwellings), by postponing foreclosure or by direct purchase prior to foreclosure. This, in effect, provides a moratorium, under certain conditions, on bad mortgages.

Almost universally throughout the FHA program, the bill would raise the level of unit cost limitations by 10 percent or more.

Some of the FHA programs, such as military housing, cooperative housing, and urban renewal relocation housing, are freely conceded to include economically unsound projects. The bill would greatly increase the so-called incentives for sponsors in these programs, as well as loosen and broaden their benefits and objectives.

Among other added incentives, the "replacement cost" basis for computing some insurable mortgages would be liberalized to cover up to 100 percent of "out-of-pocket" costs to the builder whatever these may be.

The bill's expressed objectives in this respect are to reduce the builder's equity in his own project, assure his profit and insure him against risk. At the same time, the bill would make it easy for fraudulent operators to evade the FHA "blacklist."

The bill would broaden relocation and other housing programs in urban renewal areas to include housing for individuals and single persons—roominghouses and hotel-dormitory type projects.

The military housing program would be revised to permit the Secretary of Defense to pay FHA mortgage insurance premiums for servicemen.

The bill would create a whole new loosely drawn 100 percent mortgage insurance program for so-called "housing for elderly persons." The program would include both dwelling units and nursing home facilities, as well as commercial and special facilities "adequate to serve the occupants."

This program is given a big fanfare in the bill as a housing program for elderly persons, but the actual language does not restrict occupancy to elderly persons. In fact, there is no limitation on rental rates or tenant income, and there is no restriction against luxury-type units. In this program the bill would waive all standards for economic soundness.

URBAN RENEWAL

The bill would extend and expand the urban renewal program and authorize $2,250 million in capital grants at the rate of $350 million a year for 6 years.

One of the urban renewal program objectives according to the bill would be to stimulate plans and projects on a statewide basis, and the bill directs the Administrator to encourage such projects.

The bill would set up a brandnew, unlimited, program of loose loans to local public agencies. These Federal funds, to be expended from public debt receipts, would be given to local public agencies for purchase of land and demolition of structures in a

proposed general slum clearance area, before plans are formulated and costs are estimated. The lid is taken off of the $1 billion limitation on Federal funds available for urban renewal loans and left only to the discretion of the President. This is really a blue-sky provision for the space age.

The bill would set up another brandnew program of housing giveaways called community renewal grants to localities. The Federal funds would be spent for local long-range renewal planning, identification of potential slum areas, preparation of project plans and cost estimates, etc.

In addition, the bill would broaden renewal areas to include environs for special FHA mortgage and relocation subsidies. But the bill does not define environs.

The program originally contemplated that the localities bear one-third of the cost of their urban renewal projects. This bill would further lessen the contribution of the localities by allowing them credit for several new categories of noncash grants. Credit would be allowed for public utilities, improvements, etc., financed from revenue bonds. Credit would also be allowed to localities where educational institutions construct buildings or other improvements in or near the renewal area.

The $2,250 million in new urban renewal grant money authorized in this bill would be in addition to the $1,350 million already authorized for this purpose. Along with this $3.6 billion in money for grants there is also the unlimited authority to spend from the public debt for urban renewal loans.

In addition to all the direct Federal funds and credit available to the urban renewal program, this bill would amend the National Bank Act to allow private banking institutions to purchase local agency long-term, urban renewal bonds, which would be indirectly secured by the Federal Government. Under these provisions the Federal Government would, in effect, underwrite directly and indirectly the total loss of any project.

This bill would authorize appropriations of an additional $10 million (for a total of $20 million) for direct grants to assist urban planning in small communities.

FHA

With respect to public housing the bill would institute broad revisions of the program's aims and policies.

It is clear from the bill that public housing would be made an adjunct to urban renewal. PHA in the future would provide social and recreational guidance as well as low-rent housing to its tenants.

The bill would limit Federal control and enlarge the power of the autonomous local authorities through whom the Federal funds are spent.

In more detail, the new public housing policy objectives under the bill would include:

1. Development of low-rent housing in urban renewal areas.
2. Extend PHA program to include acquisition and rehabilitation of old houses, etc.
3. Vesting authority for determining tenant qualifications and rental rates in the local agencies, without PHA approval.
4. Allowing overincome tenants to continue occupancy of low-rent public housing units.

EDUCATIONAL HOUSING

The bill then would extend, expand, and revise the program for loans to educational institutions for so-called college housing. Federal funds in this program would be no longer limited to college housing. This bill would make them available also for construction and rehabilitation of classroom facilities, including buildings and equipment.

The present program is authorized to spend out of the public debt up to $925 million for college dormitory loans. This bill would increase the dormitory loan fund by $400 million to a total of $1,325 million. In addition, this bill would authorize expenditure of $125 million more for construction and rehabilitation of classroom facilities. These funds would be available for direct Federal long-term loans of up to 50 years at low-interest rates.

In addition to the $125 million direct loan fund under this new classroom facility program, the bill would authorize the HHFA Administrator to fully guarantee up to $125 million in long-term private borrowings by educational institutions for this purpose.

MILITARY HOUSING

It has been contended that the military housing program has been slow getting started, and for this reason the bill would extend the program for another year, liberalize it, increase the limitation on unit costs, etc.

The bill would create a new program of FHA mortgage insurance for housing in defense impacted areas with the broadest incentives, including waiver of all requirements for economic soundness.

In this program as in all others, the bill would allow inclusion of commercial and community facilities in mortgage amounts.

MISCELLANEOUS

In its more or less miscellaneous provisions, the bill would:

1. Increase FNMA special assistance activities in connection with housing in urban renewal areas by raising the individual mortgage ceilings to the maximum established by FHA.
2. Extend for 1 year FNMA authority to purchase at par mortgages under special assistance functions.
3. Authorize long range farm housing research at an expenditure rate of $75,000 a year for 3 years, with additional authorization for the current year.
4. "Express desire" that study and research be undertaken on subject of housing for migratory workers, and direct a new survey into status of public works planning.
5. Give the Veterans Administration another $300 million in authority to spend from public debt receipts for direct loans to veterans for housing. This brings the total program for direct housing loans to veterans to $1,383 million. This is in addition to unlimited authority to guarantee veterans' housing mortgages.
6. Consolidate Lanham Act with other low-rent projects.
7. Extend voluntary home mortgage credit program for 2 years through 1961.
8. Establish a brand-new 3 year program of grants for scholarships and fellowships to train "professional city planners."
9. Revive and extend the defunct Defense Housing and Community Facilities and Services Act, to provide Federal loans and grants for hospital construction.

THE MONEY

Analysis shows clearly that the bill is primarily for sponsors, builders, and lenders. Home buyers and tenants are necessary incidentals.

This has been a characteristic of housing legislation since World War II when the Federal Government began both direct and indirect subsidy of the housing industry in all of its principal facets by billions of dollars.

Public credit and Federal money authorized under this bill alone would total $13.2 billion; $10.1 billion in authority to guarantee and insure mortgages, $2.3 billion in contract authority and other authority to appropriate, and $825 million in authority to expend from public debt receipts.

In addition to this, the bill makes available an unlimited amount to be spent from public debt receipts subject only to the "discretion of the President."

TABLE I.—*Federal credit and money available for housing and related programs under S. 57, Housing Act of 1959, as reported by Senate Committee on Banking and Currency*

	Authority to insure and guarantee	Authority to expend from public debt receipts	Contract authority and other authority to appropriate	Total	Remarks
Federal Housing Administration: Authority to insure mortgages:					
Fiscal year 1959	$5,000,000,000			$5,000,000,000	1-year extension of insuring authority. New 1959 insuring authority would be in addition to $4,000,000,000 already authorized for the year.
Fiscal year 1960	5,000,000,000			5,000,000,000	
Total	10,000,000,000			10,000,000,000	
Urban Renewal:					
Authority to enter into contracts with local public agencies:					
Capital grants:					
Fiscal year 1959			$350,000,000	350,000,000	Authority to enter into contracts with local agencies which will require appropriations in subsequent years. Sets up new "Community Renewals" program including planning grants and identification of potential slum areas.
Fiscal year 1960			350,000,000	350,000,000	
Fiscal year 1961			350,000,000	350,000,000	
Fiscal year 1962			350,000,000	350,000,000	
Fiscal year 1963			350,000,000	350,000,000	
Fiscal year 1964			350,000,000	350,000,000	
Additional, in any one fiscal year			150,000,000	150,000,000	
Subtotal, capital grants			2,250,000,000	2,250,000,000	

TABLE I.—*Federal credit and money available for housing and related programs under S. 57, Housing Act of 1959, as reported by Senate Committee on Banking and Currency*—Continued

	Authority to insure and guarantee	Authority to expend from public debt receipts	Contract authority and other authority to appropriate	Total	Remarks
Urban Renewal—Continued					
Loans to local public agencies for advance land acquisition and demolition.	----------	----------	----------	----------	Bill would authorize the President, at his discretion, to exceed the existing authority to expend from public debt receipts of $1,000,000,000.
Urban planning grants for small communities (appropriation).	----------	----------	$10,000,000	$10,000,000	Additional authority to appropriate for planning grants to cities of 50,000 population or less and adjacent communities.
Subtotal, urban renewal	----------	----------	2,260,000,000	2,260,000,000	
College housing:					
Loans for college housing	----------	$400,000,000	----------	400,000,000	Expansion of existing program.
Loans for construction and rehabilitation of educational facilities, etc.:					
Loan guarantee program	$125,000,000	----------	----------	125,000,000	New program for both guaranteed and direct loans to colleges for construction and rehabilitation of classrooms, laboratories, and related facilities, including initial machinery, equipment and utilities.
Direct loan program	----------	125,000,000	----------	125,000,000	
Subtotal, college housing	125,000,000	525,000,000	----------	650,000,000	
Farm housing research:					
Fiscal year 1959	----------	----------	300,000	300,000	
Fiscal year 1960	----------	----------	75,000	75,000	
Fiscal year 1961	----------	----------	75,000	75,000	
Fiscal year 1962	----------	----------	75,000	75,000	
Subtotal, farm housing research	----------	----------	525,000	525,000	
Veterans' Administration: Direct loans to veterans	----------	300,000,000	----------	300,000,000	Available without fiscal year limitation to cover backlogs.
City planning scholarships and fellowships:					
Fiscal year 1960	----------	----------	500,000	500,000	
Fiscal year 1961	----------	----------	500,000	500,000	New program.
Fiscal year 1962	----------	----------	500,000	500,000	
Subtotal	----------	----------	1,500,000	1,500,000	
Defense Housing and Community Facilities and Services Act: Hospital construction:					
Fiscal year 1959	----------	----------	7,500,000	7,500,000	Bill would ervive and extend loan and grant program.
Fiscal year 1960	----------	----------	7,500,000	7,500,000	
Subtotal	----------	----------	15,000,000	15,000,000	
Total, Housing Act of 1959 (S. 57)	10,125,000,000	825,000,000	2,277,025,000	13,227,025,000	

As of the end of the last fiscal year, on June 30, 1958, existing authorizations for public credit and Federal money in housing totaled $47.4 billion. To this will be added all additional authority becoming effective since last June 30, including that granted in this bill.

More than $93 billion in public credit and Federal funds was used through Federal housing and related programs between 1933 and June 30, 1958. This figure represents total use of Federal authority to spend, insure, guarantee, etc., in all Federal housing and related programs, existing and expired. It is a cumulative gross total of loans and grants, mortgages purchased, loans insured, etc. It excludes repayments.

TABLE II.—*Summary of public credit and money (gross) used under Federal housing and related programs, 1933 to June 30, 1958*

[In thousands of dollars]

Program	Authority to make loans, grants, purchase mortgages, and insure loans		Authority to expend from public debt receipts			Appropriations		Administrative expenses [1]	Reserves from earnings	Payments to U.S. Treasury (interest, dividends, and capital)
	Total current authority	Cumulated gross total authority used	Total current authority	Gross amount borrowed	Owed to Treasury	Total	Unexpended balance			
Housing and Home Finance Agency:										
Authority to make loans, grants, and purchase mortgages:										
Office of the Administrator:										
College housing loans	[2] 925,000	380,672	925,000	409,245	388,857	----------	----------	4,477	----------	[4] 15,397
Public facility loans	100,000	11,285	100,000	13,700	13,700	----------	----------	793	----------	[3] 197
Slum clearance and urban renewal:										
Loans	[2] 1,000,000	171,112	1,000,000	87,000	73,000	----------	----------	}	} ----------	[3] 3,533
Capital grants	1,350,000	139,922	----------	----------	----------	(157,000)	25,647	} 22,198	} ----------	----------
Urban planning grants	10,000	3,678	----------	----------	----------	(5,575)	----------	}	} ----------	----------
Public works planning	34,000	4,732	----------	----------	----------	(17,000)	13,317	860	----------	----------
Housing studies	1,500	----------	----------	----------	----------	----------	----------	----------	----------	----------
Federal National Mortgage Association:										
Secondary market operations (trust fund)	1,896,010	1,765,414	2,315,000	1,862,498	----------	----------	----------	5,831	----------	[3] 12,045
Special assistance functions	2,650,000	169,273	2,639,529	164,159	153,751	----------	----------	658	----------	[3] 2,819
Management and liquidating functions [4]	2,195,633	3,006,915	2,332,910	5,215,590	1,348,291	----------	----------	23,354	109,411	[3] [5] 339,318
Public Housing Administration:										
Administrative expenses	----------	----------	----------	----------	----------	77,499	1,119	}	} ----------	----------
Annual contributions	336,000	498,464	----------	----------	----------	(511,572)	----------	} 119,422	} ----------	----------
Loan authorizations	[2] 1,500,000	4,788,370	1,500,000	5,117,074	35,000	----------	----------	}	} ----------	[3] [5] 96,989
Total authority to make loans, grants, and purchase mortgages	11,998,143	10,939,837	10,812,439	12,869,266	2,012,599	77,499	40,083	177,593	109,411	470,298

See footnotes at end of table.

TABLE II.—*Summary of public credit and money (gross) used under Federal housing and related programs, 1933 to June 30, 1958*—Con.

[In thousands of dollars]

Program	Authority to make loans, grants, purchase mortgages, and insure loans		Authority to expend from public debt receipts			Appropriations		Administrative expenses [1]	Reserves from earnings	Payments to U.S. Treasury (interest, dividends, and capital)
	Total current authority	Cumulated gross total authority used	Total current authority	Gross amount borrowed	Owed to Treasury	Total	Unexpended balance			
Housing and Home Finance Agency—Continued										
Authority to insure loans:										
Federal Housing Administration:										
Title I:										
Insurance program, sec. 2 (home improvement)	1,750,000	11,011,659	----------	----------	----------	46,577	----------	34,029	67,616	[6] 8,333
Housing insurance program, sec. 8		204,260	----------	----------	----------	----------	----------		4,197	----------
Title II:										
Mutual mortgage insurance program, sec. 203		27,422,540	----------	----------	----------	41,994	----------		406,091	[6] 59,054
Housing insurance program, sec. 207–210 (rental)		537,295	----------	----------	----------	4,170	----------		9,831	[3] [6] 5,557
Housing insurance program, sec. 213 (cooperative)		736,031	----------	----------	----------		----------			
Rehabilitation and neighborhood conversion, sec. 220		91,574	----------	----------	----------	----------	----------		955	----------
Relocation housing, sec. 221		24,334	----------	----------	----------	----------	----------		823	----------
Servicemen's mortgage insurance program, sec. 222		476,809	----------	----------	----------	----------	----------		3,980	----------
Open-end mortgages, sec. 225	32,083,994	96	----------	----------	----------	----------	----------	338,215	----------	----------
Title VI (war housing):										
Sec. 603 (1- to 4- family)		3,645,217	----------	----------	----------	5,000	----------		150,842	[3] [6] 6,390
Sec. 608 (multiple rental)		3,440,017	----------	----------	----------		----------			
Sec. 609		5,316	----------	----------	----------		----------			
Secs. 610 and 611		37,014	----------	----------	----------		----------			
Title VII (housing investment insurance program)		----------	----------	----------	----------	1,000	----------		890	[3] [6] 1,108
Title VIII (military housing):										
Sec. 803		1,394,412	----------	----------	----------	5,000	----------		10,161	[2] [6] 5,441
Sec. 809		15,774	----------	----------	----------	----------	----------			
Title IX (defense housing):										
Sec. 903		517,270	----------	----------	----------	----------	----------		----------	----------
Sec. 908		63,427	----------	----------	----------	----------	----------		----------	----------
Total, authority to insure loans	33,833,994	49,623,046	----------	----------	----------	103,741	----------	372,248	655,386	85,883
Other:										
Office of the Administrator:										
Revolving fund for liquidating programs:										
Lanham public works	----------	----------	----------	----------	----------	65,807	----------			
Defense community facility:										
Loans	----------	3,233	----------	----------	----------	(14,245)	----------			
Grants	----------	11,012	----------	----------	----------	6,380	----------			
Advance planning, non-Federal public works	----------	----------	----------	----------	----------	93,607	----------			
Alaska housing program	----------	17,753	----------	----------	----------	17,753	----------	131,718	----------	[3] [5] [6] 704,647
Loans for prefabricated housing	----------	52,444	----------	36,170	----------	1,247	----------			
Public Housing Administration:										
Public war housing	----------	----------	----------	----------	----------	[7] 1,654,978	----------			
Subsistence homesteads, etc.	----------	----------	----------	----------	----------	[7] 62,454	----------			
Veterans reuse housing	----------	----------	----------	----------	----------	[7] 442,625	----------			
Homes conversion program	----------	----------	----------	----------	----------	[7] 90,109	----------			
Total, other	----------	84,442	----------	36,170	----------	2,417,207	----------	131,718	----------	704,647
Total, Housing and Home Finance Agency	45,832,137	60,647,324	10,812,439	12,905,436	2,012,599	2,598,447	40,083	681,559	764,797	1,260,828
Federal Home Loan Bank Board:										
Federal home loan banks	[8]	[8]	1,000,000	----------	----------	----------	----------	----------	----------	[5] [6] 150,917
Federal Savings and Loan Insurance Corporation	[9]	----------	750,000	----------	----------	----------	----------	9,528	265,207	[5] [6] 123,415
Home Owners Loan Corporation	----------	3,498,903	----------	3,279,669	----------	----------	----------	272,792	----------	[6] 200,000
Total, Federal Home Loan Bank Board	----------	3,498,903	1,750,000	3,279,669	----------	----------	----------	282,320	265,207	474,332
Veterans' Administration:										
Guaranteed loans	[10]	23,927,997	----------	----------	----------	859,713	----------	157,000	----------	[6] 105,171
Direct loans	966,485	880,307	783,056	783,056	780,078		----------		38,408	[3] [6] 58,689
Total, Veterans' Administration	966,485	24,808,304	783,056	783,056	780,078	859,713	----------	157,000	38,408	163,860
Department of Agriculture:										
Farmers Home Administration:										
Farm ownership loans:										
Direct	[11] 50,000	525,606	50,000	556,446	[12]	30,000	----------	[12]	----------	[12]
Insured	[13] 125,000	200,069	----------	----------	----------	----------	----------	[12]	----------	----------
Farm housing loans	450,000	154,906	450,000	152,174	[12]	1,350	----------	[12]	----------	----------
Farm housing grants	----------	364	----------	----------	----------	1,050	----------	[12]	----------	----------
Contributions	----------	138	----------	----------	----------	----------	----------	----------	----------	----------
Total Department of Agriculture	625,000	881,083	500,000	708,620	----------	32,400	----------	----------	----------	----------
Grand total	47,423,622	[14] 89,835,614	13,845,495	17,676,781	2,792,677	3,490,560	40,083	1,120,879	1,068,412	1,899,020

[1] Includes expenditures from appropriated and agency funds.
[2] Lending authority limited by corporate resources, including authority to expend from public-debt receipts (col. 3). Generally, authority is equal to authority to expend from public-debt receipts.
[3] Interest.
[4] Cumulative since transfer to HHFA; records while under RFC not available.
[5] Dividends.
[6] Capital.
[7] Represents allocations or reallocations to PHA and predecessors on basis of best information available.
[8] Figures excluded; Federal home loan banks now privately owned.
[9] No monetary limitation; loans to prevent default of insured institutions.
[10] Unlimited, except by maximum to which individual loans may be guaranteed.
[11] Amount authorized by Congress for fiscal year 1958. Authority is granted annually.
[12] Not available.
[13] Annual limitation.
[14] Cumulative gross total of loans and grants, mortgages purchased, and loans insured. Excludes repayments.

Mr. DIRKSEN. Mr. President, I yield 5 minutes to the distinguished Senator from Utah [Mr. BENNETT].

Mr. BENNETT. Mr. President, the point of view with respect to interest rates on veterans' loans which has been expressed by my colleague from Oklahoma is one which has quite a few adherents in the Senate, and for many years it represented a majority opinion in the Committee on Banking and Currency. I am happy to say that this year the members of the committee realized that the program was effectively stifling the VA loan program. While there was a stifling of loans directly to veterans, the realism with which we freed the interest rates on FHA loans earlier has resulted in the largest number of housing starts in the past year, with I think two exceptions, in our history. There is plenty of money in the private money market for the building of homes, both with and without Government guarantee, at a realistic interest rate. The committee this time, in my opinion, has made it possible for the veterans to again secure private money for the building of homes.

I was impressed by the concern of the Senator from Oklahoma that we would be faced by a fiscal debacle; and that if the comparatively few loans were made at rates as high as 5¼ percent, they would be a lever to pry up the whole level of rates on Government loans to the point where it would produce an almost insurmountable obstacle for the financing of our Federal debt.

The fact that FHA has been able to secure billions of dollars in mortgage money at the realistic rate to which the VA loans are now raised, would indicate—and this has been going on for a year or so—that our friend is probably a little overconcerned about the effect on the fiscal program.

Actually the thing that is facing the whole mortgage market, and the whole problem of borrowing money at fixed interest, is the inflation that has gotten into the stock market. I heard one of America's leading stockbrokers make the comment the other day that he was dealing in secondhand securities. That is an interesting comment. Under present circumstances and in the present financial situation, it is almost impossible to get money for equity financing. It is becoming equally difficult to get people to lend money on fixed income obligations. The result is that the interest rates are being forced up, because there is a shortage of money in the market for mortgages and other fixed income obligations.

There is no sitdown strike on the part of bankers. There is a reluctance of American investors, American savers, institutional investors, and others to take their money away from the inflationary prospects created in the stock-market.

Over the past few years the committee has bewailed the fact that somehow veterans could not get any money for loans to build homes.

Instead of trying to keep the interest rates on VA loans substantially below those of FHA, since there is a Government guarantee behind both loans. I believe the Senate would be well advised to follow the lead of the committee and approve the proposed change in the interest rate. It is a change which would make these loans again attractive to the investors and make it possible for our veterans to get money through the Veterans' Administration system. I am sure that most of them in the past few years have not gone without mortgage money for their homes. They have turned, instead, to the FHA program, which was on a more realistic basis. I am happy to know that this new veterans' program will operate on a parallel and equally satisfactory basis.

Mr. MONRONEY. Mr. President, I cannot dissociate the impact of a legislated interest rate increase throughout the whole structure of the Federal housing program from the borrowing that the Secretary of the Treasury will have to go through in the next year. The bill would help the moneylenders, the mortgage bankers, and a few who want to build a few more GI houses the easy way, and whose attitude is that they do not care, even if it would raise the interest cost to 6½ percent.

That does not seem very important to them, but it is very important from the standpoint of the inflationary impact. The fact is that these mortgages, when we put a premium on it, as we are doing by congressional action, absorbs the money that would be going into Government bonds. Of course we have seen the rate double and treble and quadruple on short-term issues. The spiral goes on and on, in the eager desire to make the wages of money so much higher than the wages of people. That is what the issue is today. Senators who wish to vote for that spiral will have to take the responsibility, but they will also eventually have to vote to break the ceiling on the interest the Government can pay, perhaps before Congress adjourns.

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

Mr. MONRONEY. I yield.

Mr. PROXMIRE. In the first place, I could not agree more with the objectives and principles voiced by the Senator from Oklahoma.

Of course he is right. There is no question in my mind that he is right in saying that the interest rates are too high, and that this is a hard money administration.

This is a very difficult question for me to decide, particularly because the testimony before our Banking and Currency Committee was overwhelming that unless the artificial 4¾ rate is increased to 5¼ percent, no veterans' housing will be built. We are told that unless we do it, we will not help the veteran; we will not help the builder, and the building industry is a small business industry; we will not help the unemployed construction worker who needs a job building homes.

I should like to ask the distinguished Senator from Oklahoma, whether he can in any way resolve this impasse. I would be happy to support him in his amendment if we could get the interest rate down or if we can provide a market for veteran mortgages in any other way so as to make it possible for veterans to build their homes. If we could do that, he would have my vote on his amendment. If I cannot be convinced that it can be done, I shall have to vote against his amendment.

Mr. MONRONEY. If the Government would accept, under this administration, the responsibility which the Government accepted under President Truman and President Roosevelt, and, through FNMA support the Government-insured mortgages at par, we would have an adequate amount of building, and we would get away from the inflationary spiral. All we have to do is give FNMA more money and give it the direction to support the mortgages at par. If we do that, we will get the private money out in a short time. It cost the Government nothing during the entire operation previously, and a profit was made by the Government under Democratic administrations. Shortly after the Republicans came into office they wanted to reorganize the whole program, and they turned it into another organization. It became a semiprivate operation. Instead of supporting the bonds, FNMA fixed uniform discount rates.

Mr. PROXMIRE. I realize the difficulties involved. However, is there anything in the Senator's amendment which would make it possible for FNMA to do it, or make it mandatory on the part of FNMA to do it, in view of the administration's attitude?

Mr. MONRONEY. My amendment does not include such a provision, but I understand that the distinguished Senator from Tennessee (Mr. GORE) has an amendment which would do it. If my amendment prevails, he intends to offer such an amendment.

Mr. GORE. Instead, I plan to offer it as an amendment to the amendment of the distinguished Senator from Oklahoma. I propose to do it immediately after I obtain recognition.

Mr. MONRONEY. I am happy to yield for that purpose.

Mr. GORE. I should like to get the floor in my own right.

Mr. MONRONEY. I should like to yield some time to my distinguished senior colleague, if I may. How much time have I remaining?

The PRESIDING OFFICER. The Senator has 11 minutes remaining; 24 minutes remain on the other side.

Mr. BENNETT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Utah will state it.

Mr. BENNETT. Did the time limitation agreement include amendments to the Monroney amendment, or would the amendment of the Senator from Tennessee be outside that time limitation agreement?

The PRESIDING OFFICER. The agreement is silent on amendments to an amendment. The Chair assumes that the answer is that the time limitation does not apply to the amendment.

Mr. MONRONEY. I yield 8 minutes to my distinguished senior colleague.

Mr. KERR. Mr. President, any consideration of the amendment makes it

necessary for us to look at the basic facts with reference to interest rates and inflation, as well as the contribution which the Government and its operation makes either to inflation or to the rate of interest required to be paid in the money market for loans. The present budget, which came to Congress the other day, calls for nearly $8,100 million for interest on the public debt in the fiscal year 1960.

That is between $2 billion and $2,200,-million more than was the interest on the public debt in fiscal 1952, the last full fiscal year of the previous administration. That means that the interest on the public debt has risen in excess of two-thirds of 1 percent of the total outstanding Government debt, in spite of the fact that a very large percentage of it still draws 2½ percent, the rate which was fixed prior to the inauguration of the Eisenhower administration. Interest rates are a full 1½ percent higher on Government financing today than they were when Mr. Eisenhower took office. That means that the interest required to be paid on private borrowing is 1½ percent higher, or more.

Since there is a total of in excess of $800 billion of public and private debt, that means that the borrowers of the country, including the Government, are now paying a penalty of at least $12 billion a year in excess interest, over and above what the going rate was in fiscal 1952, with reference to the debt, public and private, outstanding at that time.

Is there a Senator who can point to any other inflation contribution greater than the impact of that penalty of $12 billion a year in interest now being paid by the American people on public and private debts by reason of the fiscal policies and monetary control policies of this administration? The horror of horrors is that if present policies continue, that penalty will be fixed on the debt structure of the country when this administration goes out of power, and the American people will continue to pay that excess interest penalty for a generation.

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

Mr. KERR. I yield.

Mr. JOHNSTON of South Carolina. I wish to verify the statement which the Senator from Oklahoma has made concerning the interest rate for individuals going up 1½ percent. In 1952 I was able to borrow from a bank in South Carolina at the rate of 3 percent. The bank said that that was the rate it was necessary to charge me in order to cover its costs.

The administration had not been in office, in 1953, much more than 9 months when I again went to the bank. At that time I was asked to pay 3½ percent, in order to cover the costs. One year later I went to the same bank to borrow again. At that time I was told that because the bank itself had to pay increased interest charges, I would have to pay 4 percent. Later the rate was increased from 4 percent to 4½ percent. On each occasion I was borrowing approximately the same amount for personal uses—$6,000, $8,000, or $10,000.

But in about March or April of last year the bank reduced its interest rate. It was election year. I went to the bank and said that since the interest rate had been raised on several occasions in previous years, they should then reduce it for me. The record will show that the bank did reduce the rate a half percent last year.

This is an example of how interest rates affect the individuals of the Nation when they seek to borrow small sums from their banks. In my own case, the amount was small. I needed $5,000 or $6,000 at that time. I can bear that statement out with proof. I shall be glad to show the notes to any Senator who wants to see them.

I predict that some time next year, just before the election, interest rates will be reduced a little. But if we adopt these additional rates, they will stay up.

Mr. KERR. I thank the Senator from South Carolina. I have one more observation to make.

Interest rates will be made either by Congress or by an agency to which Congress has delegated the power to fix the interest rates. Should Senators shy away from the duty of fixing interest rates, when if they fail to do so those interest rates will be fixed by the Federal Reserve System, which is a creature of Congress? There is not a Senator who does not know that the Federal Reserve System fixes the interest rates.

The PRESIDING OFFICER. The 8 minutes yielded to the Senator from Oklahoma have expired.

Mr. MONRONEY. I yield 3 additional minutes to the senior Senator from Oklahoma.

Mr. KERR. Are we so timid, are we so scared of the power of members of an agency which is our creature, that we are afraid even to talk to them or to establish a policy by legislation which will govern them in the use of the powers which have been delegated to them by Congress?

If we increase the interest rate limit, as is proposed by the original bill, from 4¾ to 5¼ percent, it will mean that we shall have approved the fiscal control policies and monetary control policies of this administration through the Federal Reserve System, which has brought about the increases in interest rates now in existence. It will give that agency further evidence and indication that its actions have had our approval, and that we are either too timid or too cowardly to say to it, "The time has come to stop this mad and reckless increase in interest rates which affects the whole debt structure of the country."

I think Congress should recognize that either it will fix the interest rates or will decline or fail to exercise its prerogative to meet this responsibility, with the result that its creature, the Federal Reserve Board, will fix them.

Therefore, I urge support of the amendment of the distinguished junior Senator from Oklahoma.

Mr. GORE. Mr. President, I offer an amendment which I ask to have read.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. At the end of the amendment offered by the junior Senator from Oklahoma it is proposed to add the following:

On page 148, between lines 14 and 15, insert the following:

"(b) (1) Section 303 of such Act is amended by striking out '$115,000,000' in subsections (d) and (e) and inserting in lieu thereof '$215,000,000'.

"(2) Section 304(c) of such Act is amended by striking out '$2250,000,000' and inserting in lieu thereof '$3,250,000,000'.

"(c) Section 304(a) of such Act is amended by striking out all that follows the first sentence and inserting in lieu thereof the following: 'Notwithstanding any other provision of this title, the price to be paid by the Association for mortgages purchased in its secondary market operations under this section shall be not less than the unpaid principal amount thereof at the time of purchase, with adjustments for interest and any comparable items, and no charges or fees for its services under this section shall be imposed by the Association.'"

On page 148, line 15, strike out "(b) (1)" and insert in lieu thereof "(d) (1)".

On page 149, line 6, strike out "(c)" and insert in lieu thereof "(e)".

On page 149, line 9, strike out "(d)" and insert in lieu thereof "(f)".

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

Mr. GORE. I yield.

Mr. MONRONEY. I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Senator from Tennessee yield for that purpose?

Mr. GORE. I yield without losing my right to the floor.

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

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. GORE. Mr. President, the amendment I have offered directs the Federal National Mortgage Association to support—by purchase, if necessary—home loan mortgages guaranteed or insured by the U.S. Government. That would not be a new endeavor for this governmental organization. Indeed, the Federal National Mortgage Association now has authorization to do exactly that, by the purchase of home loan mortgages guaranteed or insured by the Government, to the extent of $2,800 million. So what I am proposing is not an innovation; it is not an idea extracted from a foreign ideology. The amendment proposes that the Federal National Mortgage Association exercise the authority it now has, and use the funds now available to it for the same purpose for which it already has used approximately one-half of its authorization. Of the $2,-800 million authorization now available to the Federal National Mortgage Association for the purchase of Government-insured and Government-guaranteed home mortgages, it has used approximately one-half, or $1,400 million, which means that it has remaining, yet unused, an authorization of $1,400 million.

The amendment I have proposed directs it to support, at par, loans on American homes guaranteed or insured by the U.S. Government.

In addition to directing it to do so by using authorizations which the Congress already has provided, my amendment would strike out "$115,000,000", and would insert in lieu thereof "$215,000,000".

How would that part of the amendment operate? The amendment I have proposed would authorize the U.S. Treasury to purchase an additional $100 million worth of preferred stock of the Federal National Mortgage Association.

Under its charter and under the law, when the Treasury of the United States purchases one dollar's worth of preferred stock, the Federal National Mortgage Asssociation has authority to sell its debentures to the public or to the Treasury in the amount of $10. So, by authorizing the Treasury to purchase $100 million worth of stock—not to expend $100 million, but to buy stock in this organization, which has earned a profit throughout its existence—we would increase the borrowing authority of this governmental organization to $2,500 million, and we would direct that it use these funds and such other authority as it may have to support, at par, through secondary market operations, mortgages on American homes that are guaranteed or insured by the United States Government.

Mr. President, why does the Government of the United States insure a mortgage on an American home? We have undertaken to have the Government do so in order to broaden home ownership. What institution is more basic to our way of life than home ownership? What will contribute more to the stability of our way of life than to make it possible for young husbands and wives to build or to buy decent homes in which to rear their children? Ah, Mr. President, what better security is there than a mortgage on an American home, signed by the father and the mother, the husband and the wife, and then guaranteed by the Government of the United States?

I say to you, Mr. President, that if it is wise for the United States Government to guarantee the soundness of a loan on an American home, then it is obligatory upon us to make that guarantee effective. Is not ours a Government of dignity and integrity? Why would we go through a pusillanimous operation of guaranteeing a mortgage on an American home, and then sit idly by and see it subjected to discounts under the table?

Mr. President, I am willing to support a home ownership program which will make available to American men and women who wish to build homes or to buy homes credit at reasonable rates of interest. In fact, not only am I willing to do so, but I propose to direct that the Government provide a market for these mortgages, at par.

Lest someone think this a radical proposal, let me point out that it comes, not from a distant land, but from successful experiences in three administrations of the United States Government—namely, the administration under the late President Roosevelt, the administration of former President Truman, and for the first 2 years of the administration of President Eisenhower.

Yet, Mr. President, the first bill to be considered by this new Congress, a Democratic Congress, is a measure, not to instill life into a successful Democratic program, but a bill which would constitute an endorsement of the tight-money policy, against which every Member on this side of the aisle who campaigned in the last November election, or at least almost every one of them, inveighed.

The senior Senator from Oklahoma has just made some provocative remarks about the burdens which the tight money policy of the government has brought upon the people; but half the story will not have been told, unless the Congress of the United States asserts the constitutional power and prerogative which belongs to it, and which can be exercised only by it or through its delegation.

I should like to supplement the able statement of the distinguished Senator from Oklahoma by citing one or two other instances. In the President's budget for the fiscal year 1960 the interest charges for carrying the public debt amount to 70 percent more than did the interest charges in 1946, when there was a debt of comparable proportions.

Let me cite another statistic. In 1945, when our national debt was $258 billion, the interest paid on the debt was $3,621 million. Let me repeat: $3,621 million.

The President requests that the Congress appropriate for next year $8,100 million to pay interest on the public debt. More than 10 cents out of every Federal tax dollar next year will go to pay interest on the public debt.

As the Senator from Oklahoma pointed out, if this unwise and unsound policy is pursued, unchecked and unhindered by the Congress of the United States, as the outstanding obligations mature and are refunded at higher rates, the burden which the American taxpayers must bear will go upward; and upward, by ever and ever larger amounts, must go the taxes they pay.

Why do I refer to the public debt of the United States in a discussion of the pending issue? I do so because this high interest program is part and parcel of the monetary and fiscal policies of our Government, which must be checked, which must be resisted, if we are to avoid the catastrophic consequences to which I have referred.

Mr. President, it will be recalled that 1 year ago the United States Senate was very much disturbed about unemployment and about the recession. Do Senators realize that 1 year ago, when we were so disturbed by unemployment in America, 5 percent of our working population was unemployed? I take it they do. Let me invite their attention to the fact that 6 percent of our working population is now totally unemployed, and some millions more are partially unemployed. Moreover, I call attention to the fact that 1 year ago the tight money policy had forced down Government bonds to $12 or $13 below par. During the current week, bonds of the U.S. Government have sold at $15 below par. Yesterday bonds of the United States were quoted at 85.12——

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

Mr. GORE. I yield to the Senator from Oklahoma.

Mr. MONRONEY. The distinguished Senator is referring to the fact that the bond market of the U.S. Government is going lower and lower. Does he not believe that if the Senate announces it is in favor of an inflationary increase, and ratifies it by voting to allow interest rates on Capehart housing to go to 5½ percent, we shall force the market on Government bonds still lower?

Mr. GORE. In reply to the able Senator, I should like first to call attention to the fact that as the U.S. Senate became more and more concerned with the dangers of recession and the consequences of the tight-money, high-interest rate policy 1 year ago, one Senator after another took the floor of the Senate and cried out against it. Partly as a result of that, and I believe partly out of concern over the danger of a recession, the Government of the United States reversed its policy, and for the following few months the interest rates of the U.S. Government underwent the most drastic reduction in the history of our country. But once the Congress had adjourned, the field was reversed, and the interest rate on Government obligations was deliberately pushed higher for the past 5 months at the most rapid rate in the entire history of the U.S. Government.

I should like to point out that from a low on U.S. bills—that is short-term paper—of less than 1 percent in June—0.881—the interest rate increased to 2.814 in December.

I should like to remind the Senator from Oklahoma that interest on prime commercial paper followed a similar course. From a low in July of 1.50, it followed the course set by the Government and rose to 3.33 in December.

Municipal bonds—bonds which the counties, the States, and the cities must sell to build schools and hospitals and to provide matching funds for the highway program—have suffered by this policy until one State legislature after another is now finding it necessary either to have new bond issues or to levy additional taxes in order to meet the additional obligations brought about as a result of the policies of the administration.

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

Mr. GORE. I had not quite finished my reply to the distinguished Senator from Oklahoma. When I complete my reply I shall yield to the Senator from Ohio.

So, to answer specifically the question of the Senator from Oklahoma, my answer is in the affirmative. If this Congress embraces and endorses the tight money policy, which is tighter now than it was a year ago, and if it endorses the high interest rate, which is higher

now than it was a year ago, the influence of its action will be felt.

I daresay the Secretary of the Treasury might soon be before the Congress asking that the statutory limit on interest on Government bonds, which is now 4¼ percent, be increased. But I serve notice now, that if that occurs the battleline will be drawn and the trenches will be dug deep. Somewhere, somehow, someplace this ravage of the earnings of the American people who must borrow in order to live and build, must stop. A determined fight will be made to stop this process.

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

Mr. GORE. I yield.

Mr. KERR. Is it not entirely possible that if the Congress should raise the interest rate which it will guarantee on an evidence of indebtedness issued by an agency of the Government to the point of 5¼ or 5½ percent, we might contribute toward what might become the necessity for the Secretary of the Treasury to ask to have the limit of 4¼ percent, which is now in effect with reference to Government bonds, increased so that Government bonds would be competitive with other bonds which might be authorized by the act, guaranteed by the Federal Government, which would bear from 5¼ to 5½ percent interest?

Mr. GORE. The question of the able senior Senator from Oklahoma, first, illustrates his own keen awareness and understanding of the problem and, second, dramatizes the consequences of the action which I fear the U.S. Senate is about to take.

This is a strange performance. Like other Senators, I had the privilege and honor of going to the American people during the campaign last fall. Never once did I make a speech or hear a candidate on the Democratic ticket make a speech in the course of the campaign in which the Republican administration and Republican Party were not taken to task for the tight money and high interest rate policy which had brought on a recession, had brought on unemployment, and had stymied the housing program. Not only before the election was reference made to this subject, but our distinguished and able majority leader, whom I regard as one of the most able parliamentarians and political leaders who have graced and honored this Chamber and whose services this body has enjoyed during its history, referred to the issue on November 7, 1958, in a speech at Big Springs, Tex. I wish to quote one sentence from the speech:

> We need to face up to the high interest rates which are slowing the needed growth of our economy.

Mr. President, now is the time to face up to the problem. This is the first bill in connection with which the issue is presented, yet it is proposed to increase to 5¼ percent the interest rate on direct loans to veterans.

Our Government, with the approval of the Congress, makes loans to shipbuilders at 3½ percent; to private power companies at 4 percent, for the acquisition of nuclear fuel; and to REA cooperatives at 2 percent. Despite that, it is now proposed to charge a veteran, who has served his country in uniform, 5¼ percent interest on a mortgage on his home. Not only is that proposed, but, as the junior Senator from Oklahoma has said, other interest rate increases are proposed.

Mr. President, the Congress should face up to the one big issue in this session, which is the monetary and fiscal policy of our Government. I think we should start facing up to it wherever we see it and wherever we meet it. The Constitution of the United States places that responsibility upon the Congress. Congress must either exercise the responsibility or delegate it.

Mr. President, I now yield to the senior Senator from Ohio [Mr. LAUSCHE].

Mr. LAUSCHE. I should like to ask a question for information. The Senator from Tennessee stated that Government bonds sold last week at 84. Does the Senator know the rate of interest those bonds bear?

Mr. GORE. I was referring to the 2½ percent victory bonds which many people bought in response to patriotic urging.

Mr. LAUSCHE. Will the Senator yield so that I may make a brief statement?

Mr. GORE. I yield.

Mr. LAUSCHE. I was on the bench as a judge in the 1930's. I sat in the room where the foreclosures came through; foreclosures on chattel mortgages, on sales contracts, and on land mortgages. There was nothing more painful for me to do as a judge than to calculate the huge deficiency in interest, add it to the defaulted principal, and order the property sold. Too frequently did I see before me debtors begging for help. I knew those debtors bought under circumstances under which they should not have bought. I knew they paid discounts. I vowed to myself—I would then have done it if it had not been for my oath—to hit that interest charge. Interest went up to 8 percent in some instances.

I have sympathy for the proposition argued by the Senator from Oklahoma—that is, that the moneylenders will take as much interest as the traffic will bear, and some day we may have to put a lower limitation upon the interest rate charged to private borrowers, exactly as we have put a limitation on the interest rate which may be charged to the Federal Government.

I thank the Senator very much for yielding to me.

Mr. GORE. I thank the Senator for his able contribution. In reply I invite attention to the fact that the last bond issued by the U.S. Government was issued with an interest rate of 4 percent, but today that bond is selling in New York at 98. This illustrates the point made by the senior Senator from Oklahoma.

Further, I remind the senior Senator from Ohio that in 1952 income from interest in the United States amounted to 2.43 percent of the total national income. The last figure I have is for the second quarter of 1958. In the second quarter of 1958 income from interest had jumped to 3.72 percent of the entire national income of all the people and corporations of the United States. These figures show how the present policies are bringing about a redistribution and a reconcentration of the income, economic opportunities, and benefits of the people of the United States.

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

Mr. GORE. I yield to the Senator from Oklahoma.

Mr. MONRONEY. The distinguished Senator mentioned loans the Federal Government made to shipowners, I believe at 3½ percent, and to other loans. The Senator is also aware of the fact that we have made countless loans at 2 percent to former enemies of ours in the foreign field.

Do we not stand in a rather poor position when we make loans at low interest rates for all other purposes and then, when the veteran comes before us for a GI housing program, say to him, "We are helping the veterans by raising the interest rates"? How are we helping the veteran? We are raising the interest on his GI home to exactly the same level anyone will pay under the FHA program. Why have a GI program?

Mr. GORE. Where is the veteran's preference?

Mr. MONRONEY. There is no veteran's preference when the man who stayed home, or anyone else, can take advantage of the same program. Children who were born during the war can borrow at exactly the same rate. Let us change the name of the GI housing program and call it something like a "hypo" housing program, because that is what we are trying to do. The advertising agencies know that is a familiar term. When one wants to "hypo" sales one employs a few special gadgets or gimmicks. We are going to see this program "hypoed." There was a jump from 4½ percent to 4¾ percent only 10 months ago. That action was supposed to release a flood of money. We were told we would never have to worry any more about discounts, yet within 3 months from the date of the increase the mortgages were still being knocked down below par.

Mr. GORE. I thank the Senator. First let me say that in addition to lending money to shipbuilders at 3½ percent, we provide direct subsidies for part of the cost of construction. I point out that the amendment which I have offered applies not only to veteran's home loan mortgages, but also to U.S. Government-insured home loan mortgages.

Lest someone should think that this is an expenditure, that this is pouring money down a rathole, I point out that what I propose is that the Treasury buy $100 million of preferred stock in this partially owned Government agency, which has earned a net profit during its entire operation, and that its investments be made in mortgages on American homes, which mortgages the Government of the United States has guaranteed or insured in the first place.

How does the program operate? Under the law, when the Treasury invests

$1 in stock, the Association is permitted to borrow $10. The additional $100 million of capitalization authorized by my amendment will enable this agency to borrow $1 billion from the public or from the Treasury. That is to be added to the $1,400 million authorization which FNMA already has for this purpose, and which has been approved by Congress, following a practice tried and true and tested.

Mr. MONRONEY rose.

Mr. GORE. I now yield to the Senator from Oklahoma.

Mr. MONRONEY. I am very much interested in the Senator's amendment, which is offered as an amendment to my amendment. I would certainly be against his amendment if it were not for the fact that my amendment freezes the interest rates where they are. I am sure that is the way the distinguished junior Senator from Tennessee feels, namely, that we are not going to support the FNMA operations, as he insists in his amendment, if we are going to go through the stratosphere by increasing the ceiling rates on GI loans or Capehart housing.

Mr. GORE. I agree. I have talked with members of the Committee on Banking and Currency, for whom I have the highest regard, and I understand from them that they supported an increase in interest rates because they thought that without such an increase the veterans could not obtain a loan to build or buy homes.

My amendment, which, I understand, the distinguished junior Senator from Oklahoma is willing to accept, provides that FNMA, created for the very purpose of supporting mortgages guaranteed or insured by the U.S. Government on American homes, will be directed to provide a secondary market at par, thereby making loans available. That is the understanding of the Senator, I believe.

Mr. MONRONEY. That is correct. That would apply to mortgages issued after the passage of this act.

Mr. GORE. Therefore the basis on which some members of the Committee on Banking and Currency were ready to support this interest provision would not exist with the adoption of the proposed amendment.

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

Mr. GORE. I yield.

Mr. MONRONEY. As I understand the Senator's proposal, it requires only the investment of $100 million of Treasury money in stock of the Federal National Mortgage Association. Is that correct?

Mr. GORE. That is correct.

Mr. MONRONEY. The Federal National Mortgage Association has in its portfolio about $3½ billion of first mortgage bonds on American homes, which are Government insured. Is that correct?

Mr. GORE. I believe that to be correct.

Mr. MONRONEY. So this is to be an investment of $100 million additional in the portfolio of the $3½ billion worth of first mortages on American homes.

Mr. GORE. On the question whether or not this is a new operation, the distinguished senior Senator from Connecticut referred earlier in the debate to the fact that in 1958 this Government organization had in its portfolio between $4 billion and $5 billion worth of mortgages and that it realized a net profit on that portfolio.

Mr. MONRONEY. Inasmuch as we are considering the amendment of the Senator from Tennessee, which would provide for the investment of nearly a hundred million dollars in this type of financial operation, is there any difference whatever, except perhaps that the securities held by FNMA will be better, because they will be Government insured, between the reserves FNMA will have and the reserves of the New York Life Insurance Co., the Massachusetts Mutual Life Insurance Co., or the Northwestern Life Insurance Co., or other life insurance companies, which stand behind the life insurance policies of the people of this country?

Mr. GORE. I can think of no better investment than mortgages on American homes guaranteed by the Government of the United States. Yet we permit them to be discounted. A Democratic Congress with a new mandate from the people, proposes to make it worse.

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

Mr. GORE. I yield.

Mr. KEFAUVER. I congratulate my colleague on bringing this issue before the Senate at this time and upon the very splendid exposition he has made on the question of why we should not raise the GI interest rate and why we should not further embark on a tight money policy.

We hear many people say that the reason the GI rate must be raised is that at par the veterans must discount their mortgages, and therefore it is necessary to raise the interest rate so as to stop the discounting.

Mr. GORE. If we provide a market for those mortgages, that will not be necessary.

Mr. KEFAUVER. I was about to say that the Senator has proposed a method whereby there will be a market at par. That is what the Government ought to do.

Mr. GORE. If the Government is unwilling to support the mortgages at par, why does it guarantee them in the first place? Of what value is the guaranty if it is not good for 100 cents on the dollar?

Mr. KEFAUVER. The Senator is exactly correct. I wish to point out to the Senator also that it is well for us to look at the tight-money policy right now in a general sense. We know that the tight-money policy which was embarked upon at one time actually contributed toward the creation of the depression.

Mr. GORE. Yes.

Mr. KEFAUVER. It was embarked upon for the purpose of drying up purchasing power. As the senior Senator from Oklahoma has pointed out, there were no goods in short supply. The hard-money policy will work only when there is bidding for short-supply merchandise, but that was not the situation at that time.

That is not the situation now. Some of our plants have been operating at 50 or 60 percent of capacity. We have 4 million unemployed. Therefore we have the facilities and the means of making more than the American people want to buy. Therefore the hard money will not thwart the inflation or stop the inflationary trends, but will, instead, contribute toward them. That is the finding of everyone who has studied the problem seriously. Anyone who thinks we must have high interest rates to further enrich the Nation's bankers in order to stop inflation is on the wrong track. The hard-money policy has discouraged small business and homebuilding and has prevented small-business people from having opportunities, and is actually encouraging inflation.

I am glad that the Senator from Oklahoma will accept my colleague's amendment. I hope we can face up to the issue immediately, at the beginning of this Congress.

Mr. GORE. I thank my colleague.

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

Mr. GORE. I yield.

Mr. CARROLL. I wonder if I may also have the attention of the distinguished junior Senator from Oklahoma on this question. It is a very involved question.

First I wish to commend both the junior Senator from Oklahoma and the junior Senator from Tennessee for a very clear exposition of a very involved and intricate subject.

This question arises in my mind. Let us assume that there is a home purchaser in Pueblo, Colo., who wishes to buy a house for, in round figures, let us say—$10,000. He enters into a contract with a builder. The builder or contractor needs construction money. The contractor goes into the money market in order to get the $10,000. Would he not at present have to accept a discount on the loan of about 8 points?

Mr. MONRONEY. If he were getting a construction loan.

Mr. CARROLL. A construction loan.

Mr. MONRONEY. He probably would. When the house was finished, a permanent mortgage would be placed on the house at a value of $10,000, if that was what the appraisal was.

Mr. CARROLL. Let us assume the contractor got a $10,000 construction loan. He would really get $9,200, would he not?

Mr. MONRONEY. That is correct.

Mr. CARROLL. So he would have an $800 loss. Let us assume that the amendment as modified by the junior Senator from Tennessee were agreed to. What would happen? Under the Gore "Fanny Mae" amendment, would there be a windfall to those who now hold discounted notes?

Mr. MONRONEY. No, definitely. The junior Senator from Tennessee has a perfecting amendment which prevents any purchasing at par by FNMA of securities issued before the passage of the bill.

Mr. CARROLL. Let me pursue this a little further, because I am in hearty accord with the arguments made by the junior Senator from Oklahoma and the junior Senator from Tennessee. Would it not be possible to perfect the Gore amendment and limit its effect specifically to new construction, so that there would be no such windfall to those who might in the future acquire discounted mortgages? This is what I propose.

Mr. MONRONEY. That is what the Senator from Tennessee intends to do.

Mr. GORE. That is fully the intent; but since the question has been raised, I wish to modify my amendment to make it unmistakably clear. After "mortgages," on the line in the center of the page, I propose to insert: "which are executed after the effective date of the Housing Act of 1959 and are".

Mr. CARROLL. That will make it unmistakably clear, if there is any question about it, so that those who read the RECORD will know that it is the intent of the Senate, if these amendments are adopted, that we do not intend to give a windfall to the present holders of discounted secondary market mortgages.

Mr. GORE. Does not the Senator think this modification makes that intent plain?

Mr. CARROLL. I think the amendment of the junior Senator from Tennessee now clarifies that point. It expresses our intent, and makes clear to FNMA and the mortgageholders what limits we are imposing with this amendment.

If I may presume for a moment more on the time of the able Senators who have introduced the amendment as modified, I wish to call attention to a very significant article which was published in today's Wall Street Journal. The title is: "Commercial Paper Dealers Reduce Rate by ⅛ Point."

On the very day when the Senate is debating this important interest-rate question, we find that commercial paper dealers are marking down, by one-eighth of a point, their rates on unsecured promissory notes sold in the open market.

The Congress is now called upon to increase interest rates on Government insured veterans' housing precisely at the time when Government short-term bills are being sold at a current low average yield to investors. I read this paragraph from the Wall Street Journal article:

> The U.S. Treasury sold an issue of 91-day bills last Monday at an average yield to investors of 2.721 percent, the lowest since early January and down from the 2.975 percent a week earlier.

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

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

[From the Wall Street Journal, Feb. 5, 1959]

COMMERCIAL PAPER DEALERS REDUCE RATE BY ONE-EIGHTH POINT—CUT CANCELS INCREASE MADE ON JANUARY 21; NEW RATES RANGE FROM 3¼ TO 3¾ PERCENT—TREASURY YIELD DROP CITED

NEW YORK.—Commercial paper dealers marked down by one-eighth point the rates on unsecured promissory notes sold in the open market.

The reduction erases a one-eighth point increase made by the dealers on January 21 and puts the rates back to the level set last December 31.

Dealers said the cut reflects recent declines in the yields on U.S. Treasury bills which compete with commercial paper for short-term investment funds. Also, the supply of commercial paper has been on the low side, and the lower rates might attract more borrowers to raise short-term funds with commercial paper, dealers said.

Meanwhile, the rates on commercial paper placed directly with investors by major sales finance concerns remains unchanged at 2¾ percent to 3¼ percent for paper maturing in 1 to 9 months. Two large sales finance firms had increased their rates by one-eighth point late last month but canceled the increase earlier this week. Other major finance companies had not raised their rates.

The new rates on 4- to 6-month paper sold in the open market by dealers range from 3¼ percent on the notes of leading industrial concerns to 3¾ percent on those of less well-known firms and smaller sales finance companies.

The U.S. Treasury sold an issue of 91-day bills last Monday at an average yield to investors of 2.721 percent—the lowest since early January and down from the 2.975 percent a week earlier. A companion issue of 26-week bills drew a 3.107 percent rate last Monday, down from 3.337 percent the previous week.

Commercial paper is the money-market term for two types of short-term borrowings of companies, mostly for seasonal needs. One type is the so-called open-market paper sold by dealers for industrial names and smaller finance companies, normally to banks outside New York City. The other type consists of the I O U's issued by large sales finance companies which they place directly with investors, often other corporations.

Mr. CARROLL. Mr. President, this is a very important point. If the Senate now establishes a high rate of interest in VA housing, in face of what is happening today in the commercial paper market, we shall be acting as a magnet to draw up the rates of interest throughout the economy at the very time when we are trying to fight the fires of inflation.

Mr. MONRONEY. Does not the Senator from Colorado think that this is a sort of price-support program for the barefoot boys of Wall Street?

Mr. CARROLL. I had not thought of it in those terms, but it is a very colorful way to express what this body may do.

I am heartily in accord with the comments of the junior Senator from Oklahoma and the junior Senator from Tennessee. If we miss this opportunity to hold down interest rates, we shall again feed the fires of inflation. As we well know, high interest rates are building up the public debt. The service on the public debt now amounts to $8 billion or 10 percent of the Federal budget.

Here is an opportunity for us to act wisely and hold down increases in interest rates on the Federal debt.

I thank the junior Senator from Tennessee for modifying the amendment which he has offered to shut off a possible windfall to those who now hold discounted mortgages.

Mr. GORE. I thank the junior Senator from Colorado.

Mr. President, what do we offer to the American people? Tighter money? Higher interest rates? More inflation in the cost of homes? That is not the issue upon which we won the endorsement of the American people. The American people expect more and better of us.

This is the first issue, and the most important issue, to face the United States and Congress in 1959 or 1960. I am not referring simply to the mortgages on veterans' homes; I am speaking of the fiscal and monetary policy of the U.S. Government, which is deliberately, by design and plan, reconcentrating the income, the wealth, and the economic opportunities in the United States.

I am willing to face up to the issue whenever I see it. This is the first time is has come. Let us face it now.

Mr. McNAMARA. Mr. President, a strong argument for increasing the interest rate for VA mortgages is made in the report on S. 57, the omnibus housing bill.

The trouble is, however, that it is a strong argument in favor of the bankers' position, and not the position of the veterans for whom this program was established.

We are asked now to increase the rate from the present 4¾ to a new high of 5¼ percent, an increase of a full half of 1 percent.

Also, the bill would strike out another important protection, the provision which requires that the VA rate be at least one-half of 1 percent below the FHA rate.

This program began with an interest rate of 4 percent. Then the rate rose to 4½ percent, then just last year Congress raised the rate again to the present level of 4¾ percent.

Senators will recall the 47 to 47 vote when this matter was before the Senate last March. The Vice President helped to decide the issue in favor of higher interest payments for the veterans by failing to break the tie. Year after year the interest rate has gone up; and year after year the bankers have blackjacked Congress into increasing the rate to veterans through the simple device of withholding funds from the program.

Now the bankers are back again. Again their argument is that a higher rate is necessary because the current 4¾-percent rate is not "attractive" to investors, and that it should be brought nearer to the level of the FHA rate and the conventional market rate.

I agree that the current rate is not attractive to investors. The only rate that seems to be attractive is the highest one the market can bear. That is the goal here, I am sure.

The goal of the administration and its high-interest friends seems to be to keep raising the VA rate until it is at a par with the market level, and then to do away with the statutory ceiling altogether.

Then the investors can have the security of a Federal guarantee of the loan, as well as the profits of the current market interest rate.

That is where this veterans' loan program is heading if Congress keeps accepting these rate increases.

I think this procedure does a disservice to the veteran who wants a home on a reasonable mortgage and to the entire economy, because raising the VA rate puts a sort of stamp of approval on the administration's discriminatory money policies.

I think Congress is going about this problem backward. Instead of knuckling under to the demands of the administration and its banker friends, we should be taking the opposite course. We should be exercising our powers in the field of fiscal policy to counteract the tight-money policy of the administration.

Instead of permitting the administration to force a rise in the VA interest rate to the level of FHA or conventional mortgages, we should require that those rates be lowered to the VA level.

I think Congress could, if it wished to exercise the responsibility, fix a statutory limit on interest rates generally. Perhaps we will come to that soon.

I submit that Congress must call a halt to this economic blackmail. The place to start is the rejection of the proposed increase in the VA interest rate.

Mr. CAPEHART. Mr. President, I thank God that I live in a country and under a system of government where the prices of commodities can go up and down; where interest rates can go up and down; where the prices of bonds can go up and down; where wages can go up and down; where a man can quit his job and get another one; where a man can buy what he wishes or decline to buy. I thank God that I live under a free enterprise system, under the kind of government we have.

Senators can solve the problems which have been complained about by adopting the kind of government which exists in other countries. These problems can be solved by having price control, wage control, rent control, interest control. We can adopt the same kind of government as exists in other places.

Senators have been talking about the veterans, and have been saying that we should not increase these interest rates, and so forth. Senators have been talking about the very thing the veterans fought for and died for—namely, the American system of government, the private enterprise system of government.

Mr. President, Senators can vote to solve these problems. Of course, Senators can vote for the adoption of a system of government in which the government will buy all the mortgages, will own all the homes, will own all the factories, will dictate to every man and woman what he shall buy and what he shall not buy, and at what prices. Senators can vote for all that if they wish to do so; that is their privilege. That is really what some Senators have been talking about tonight. Perhaps they may not really have been talking about such things; they may have been directing their remarks to the amendment which I submitted, and which I now hold in my hand. But most of the colloquy was on the basis that our Government should control and control and control.

Mr. President, I do not care whether this amendment is voted for by all Senators or is not. But if the Government can control interest rates, it can control wages and prices. I ask my colleagues, in all sincerity, Why should that be done? Do they want the Government to control the savings of the wage earners?

Where is the able Senator from Michigan [Mr. MCNAMARA], who once represented some of the unions, and once was the great president of a union? Does he want to have the Government control the wages of those workers? Is he more interested in what he was talking about here tonight than he is in the wage earner who is paid $1.50 or $2 an hour or less?

The question before us is very, very simple: Do we, or do we not, want a system of government in which prices go up and down, wages go up and down, discounts go up and down, a system under which a man can quit his job and can get another one? Do Senators want to maintain the kind of government our Nation has had for 170 years—a system of government under which discounts have gone up during that time and interest rates have risen during that time? Or do Senators want a system of government under which the Government will impose controls?

Mr. President, I see virtue in what Senators have been talking about; and I wish the people of our country could enjoy low interest rates, high wages, and low prices. I wish our people could enjoy all of them. But that cannot happen under the American private enterprise system of government, the American free system of government.

So Senators must decide whether they wish to maintain the American system of government in all its phases or whether they want a controlled economy, whether they want a dictator, whether they want to adopt the kind of government that exists today in Russia. The government which now exists in Russia controls everything in that country. Our Government cannot control part of our economy without controlling all of it. That is why I am so certain on this issue.

I know the Senators who tonight have been advocating such things, and I cannot believe they have been sincere in all the statements they have made tonight because I am sure they are great Americans, and I know that all of them are veterans, and I know all of them are taxpayers, and I know that all of them are patriotic. So I do not believe they are sincere in advocating what they have advocated here tonight, because our country cannot be half free and half controlled. Why should Senators vote to discourage a wage earner from saving money, from investing it in bonds or stocks or in other ways, and from obtaining an equitable income from it—a parity income, an income comparable to the wages paid in the United States and the prices which everyone else in our country pays?

Why do Senators say such things? Why do Senators wish to give comfort to Mr. Khrushchev and the communistic or socialistic system of such controls, which have been advocated from time to time?

Let us be free. Let us vote to defend and protect our American system of government. Let us not vote to break it down piece by piece. Let us not vote to cut off the dog's tail piece by piece. However, that is what would be done under the policies some Senators have advocated and under similar policies.

Oh, Mr. President, perhaps their proposal is an innocent-looking one; but I point out that such Senators have advocated that the Government put up $100 million, and permit the Federal National Mortgage Association, a corporation totally owned by the Government, to purchase $100 million worth of such mortgages. I would not object to it, perhaps, if that were the only way the problem could be handled. But it is not necessary to proceed in that way.

However, even if it were necessary, why should we vote to break down our great American system of government? Why should we vote to break down the great system of government which has served our country so well for 170 years?

Mr. President, what do such Senators mean when on this floor they argue that they want to arm our country against a government which is 100 percent directly opposed to ours? What do Senators who have made some of the proposals we have heard tonight mean when they say they oppose such a system of government? What are such Senators thinking about? What is in their minds?

Mr. KERR. Mr. President, will the Senator from Indiana yield to me?

The PRESIDING OFFICER (Mr. MCGEE in the chair). Does the Senator from Indiana yield to the Senator from Oklahoma?

Mr. CAPEHART. Mr. President, I shall yield the floor in a moment; and then the Senator from Oklahoma can speak, if he wishes to do so.

Mr. KERR. Well, Mr. President, how can the Senator——

Mr. CAPEHART. Mr. President, I am not going to yield to the able Senator from Oklahoma, because I know about what he would say. [Laughter.]

Mr. KERR. Mr. President, I rise to a point of personal privilege. [Laughter.]

Mr. CAPEHART. I know——

Mr. KERR. Mr. President, if the man is psychic, I want to leave this Chamber. [Laughter.]

Mr. CAPEHART. Mr. President, I know that the able Senator from Oklahoma has been one of the great beneficiaries of the American private enterprise system—perhaps to a greater extent than has any other Member of the Senate. I know he is defended and protected by the 27½ percent depletion allowance for the oil business, in which he is engaged. I am 100 percent in favor of that, and I will vote to defend it and protect it, because I believe in it. I know he has made a great deal of money in the oil business, under our private enterprise system; and I am for him, and I hope he makes more money, because that is the private enterprise system. I am going to fight for the private enterprise system, because it is di-

rectly opposed to the communistic or the socialistic system.

Mr. President, I am not confining my remarks to the pending amendment. I am addressing myself to the inferences to be drawn from some of the speeches which have been made here tonight. References have been made to "the money changers" and to "taking advantage of the American people," and so forth. I admit that some of that exists; there is no question about it. I know our people are not perfect. I know I make mistakes, and I know that all other Members of the Senate make mistakes. But I am talking about the general principle of the American system of government. I oppose burning down a church or a house in order to get rid of the mice that may be in it. But that is about what some Senators have advocated here tonight; in effect, they have advocated going against the American system of government.

Senators can talk, if they wish, about a mandate from the American people at the last election; but I do not think the people mandated the Congress to liquidate the American system of government. I do not think they mandated the Congress to liquidate the private enterprise system. I do not think they mandated the Congress to set interest rates and to have the Federal Government buy billions of dollars' worth of mortgages. I do not think the people mandated any such things; I am sure they did not.

Of course Senators can say what they please. But I say to my colleagues that I am not speaking about the pending amendment; instead, I am speaking against the inferences that can be drawn from statements of the sort to which I have referred in the last few minutes—inferences which will give comfort to our enemy. That is the trouble with such statements.

Mr. President, I know from personal experience that statements made on the floor of the Senate are repeated to the people of the Government which is our enemy. I do not doubt that that Government will repeat to its people some of the statements which have been made today in this Chamber, and will tell its people that Members of the U.S. Senate have talked about "the money changers" and have said that the people of the United States are mistreated.

So I ask Senators please to wake up, because if they do not, one of these days it will be too late.

Let us do what we should to change our laws in such ways as to correct inequities and protect and defend ourselves. But let us not make statements from which our enemy can obtain comfort, statements which will enable that Government to say to its people, "Haven't we been telling you that the capitalistic system is no good? Now we have the proof, because in the U.S. Senate, Senators are saying that the Government of the United States is taking advantage of the American veterans."

Mr. President, some may say that what I am saying now is a little harsh. On the other hand, certainly some of the things that some Senators have said today about me and about the people in whom I believe and about the party in which I believe have been rather rough, too. However, I know that those Senators do not mean such things.

Mr. President, I say to those Senators that they are making a mistake, and they should stop it.

After all, we are faced with a great threat, in the form of communism or socialism, or whatever one may care to call it—a system of government which threatens us, both militarily and economically. Then why do Senators give comfort to our enemy, by means of their statements on the floor of the Senate? Why do they make it possible for our enemy to broadcast to its people that U.S. Senators have talked about the money changers and about the evils of the private enterprise system, and about taking advantage of Americans? Why do Senators make such statements?

Certainly we can vote to correct the mistakes which are made in this country, and to correct any inequities which have developed. But certainly they can be corrected without having Senators indulge in personalities and accusations such as the ones I have listened to today on the floor of the Senate.

Mr. President, Senators should stop making such statements; Senators should stop giving comfort to our enemy.

Let all of us stand foursquare behind the American system of government, or the private enterprise system, which it really is.

Yes; let us correct it. Let us do what we should to correct it. But let us stand by it and let us praise it. Let us praise the millions of Americans who have saved enough money to buy insurance policies, who have invested their money in insurance companies, who are now buying mortgages so that GI's and other wage earners can buy homes. Let us have a little praise for the American people who saved their money, because all the bank deposits are represented by the deposits of millions of Americans—wage earners, GI's, and all the rest of them.

Let us have a little praise for our companies, which are represented by millions and millions of stockholders who are common folks, who are wage earners, who are GI's, who are widows, who are widowers, who are schoolteachers on annuities, who are living off their interest. Without the money of the people who buy the mortgages we are talking about tonight, there would be one thing this Congress would be doing now. If it were not for the millions and millions of American people who saved money to buy mortgages, and if they did not have the money, the Congress would be faced tonight with the problem of furnishing Government money to buy those mortgages.

So let us give these people a fair return on their savings, because their costs have gone up, their grocery bills have gone up, everything they buy has gone up. Even Senators today are getting $22,500 a year. When I came to the Senate 15 years ago the salary of Senators was $10,000. Why is not one who saved $10,000 from hard work—and most of the money comes from that kind of people—entitled to an increase in interest rates over what he was getting 10, or 15, or 20 years ago?

Let us cut out the chaff and get down to the wheat. Let us use commonsense. Let us defend this great system of ours. Let us correct the inequities. But let us not destroy our system. Let us not, on the floor of the U.S. Senate, say things our enemies can use against us and quote to the people of China and other peoples throughout the world to whom we would like to sell our idea of government. Let us not put into their mouths words that they can quote to the people of China, Malaya, and backward countries, that the private enterprise system, the American system, the capitalistic system is no good because certain high officials in that system said it was not good. Let us not do it. Believe me, I feel that way about it. I am begging Senators to be careful, because we are up against it, so far as an enemy is concerned, both economically and militarily.

Mr. CARROLL. Mr. President——

The PRESIDING OFFICER. The Chair recognizes the Senator from Colorado.

Mr. CARROLL. I was touched by the speech of the Senator from Indiana, but it has nothing to do with the issue presented by the Senator from Oklahoma and the Senator from Tennessee. I quote from an article from a Washington Republican "socialistic" newspaper, the Evening Star, of January 26, 1959. The article is entitled "Your Money's Worth—$8 Billion a Year for Interest."

The article reads:

> Ten cents of every dollar in Federal taxes in the next fiscal year will go for interest on Treasury securities. * * *
>
> Today the national debt is around $282.7 billion, not much higher than at the close of World War II. But the yearly payment by the Treasury to security holders is over $8 billion—an upsurge of more than 70 percent.

This, I think, is where the Democrats and the Republicans can have an honest difference of opinion, and we are willing to go to the country on this issue.

I am still quoting from the article:

> It's a tale that cries out for explaining, for while there will be congressional debates on spending for farm supports, veterans' benefits, housing, foreign aid, etc., there will be little nose about this far bigger chunk of spending.
>
> And the reason is that Congress can't do a thing about this expense. Once the Treasury has pledged to pay a specified rate to a buyer of its obligations, it must pay that rate for the life of the obligation.

The article then goes on to discuss the President's message and his estimate of $8.1 billion for debt interest alone in the fiscal year of 1960.

This is a very good point for all of us to think about. We can go home and talk to our people about this issue.

I quote further from the article:

> What has been happening? A key point is that it has not been an accidental swelling in spending. Rather, it has been the result of deliberate policies.

We do not have to talk about Malaya, China, and the Soviet Union. We do not

have to talk about what may happen in other countries.

I resume reading from the article:

First, the Federal Reserve System has been encouraging rising interest rates across the board through most of this decade. In simplest words, the theory has been: Higher costs of borrowing money will restrict speculative activities by curbing marginal borrowing, and this will help restrain price rises.

Let us not talk about the Democratic Party and charges of socialism. This policy was supported by Republicans through the last decade, in my own experience. Let me tell Senators what that policy is. I am quoting from the article:

Second, under President Eisenhower the heads of the Treasury—

After having the Federal Reserve System set the policy—

Under President Eisenhower—

A Republican President, although he is denied by some—

the heads of the Treasury have not fought the higher borrowing costs—as did the Treasury chiefs under President Roosevelt and President Truman. In simplest words, the position of the Treasury in this era has been—

This is very important and this is the issue we will carry to the country—

The Treasury should not get special protection against a general rise in borrowing costs. The Treasury is just another borrower competing for available funds, and it should compete as others do—meaning the Treasury must pay the price (the interest rate) demanded by lenders for cash.

The result of these policies has been that as the Treasury has borrowed new cash in recent years and replaced maturing I O U's with new ones, it has paid higher and higher rates.

This is one of the most important issues before the American people today.

Mr. President, I ask unanimous consent to have the article by Sylvia Porter, from which I have been reading, printed in the RECORD at this point.

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

[From the Washington Star, Jan. 26, 1959]

EIGHT BILLION A YEAR FOR INTEREST

(By Sylvia Porter)

Ten cents for every dollar in Federal taxes in the next fiscal year will go for interest on Treasury securities.

This slice of the budget is second only to that taken by the catchall "major national security." It dwarfs the 7 cents of every dollar going for all veterans' services and benefits, tops the 8 cents of every dollar going for all farm programs.

Of the billions pouring into the Treasury in the year starting in mid-1959, more than $8 billion will be automatically set aside for public debt interest.

This total represents a new peak in the cost of carrying the debt, compares with an annual interest load of $1 billion as recently as 1940.

Today the national debt is around $282.7 billion, not much higher than at the close of World War II. But the yearly payment by the Treasury to security holders is over $8 billion—an upsurge of more than 70 percent.

It's a tale that cries out for explaining; for, while there will be congressional debates on spending for farm supports, veterans' benefits, housing, foreign aid, etc., there will be little noise about this far bigger chunk of spending.

And the reason is that Congress can't do a thing about this expense. Once the Treasury has pledged to pay a specified rate to a buyer of its obligations, it must pay that rate for the life of the obligation. When the President, in his budget message, estimated $8.1 billion for debt interest alone in the 1959–60 fiscal year, he wasn't exaggerating one bit.

What has been happening? A key point is that it has not been an "accidental" swelling in spending. Rather, it has been the result of deliberate policies.

First, the Federal Reserve System has been encouraging rising interest rates across the board through most of the decade. In simplest words, the theory has been: "Higher costs of borrowing money will restrict speculative activities by curbing marginal borrowing, and this will help restrain price rises. When business is swinging upward, the costs of borrowing money should properly go up, too. Only when business is declining should we expect lower borrowing costs."

Second, under President Eisenhower, the heads of the Treasury have not fought the higher borrowing costs—as did the Treasury chiefs under President Roosevelt and President Truman. In simplest words, the position of the Treasury in this era has been: "The Treasury should not get special protection against a general rise in borrowing costs. The Treasury is just another borrower competing for available funds, and it should compete as others do—meaning the Treasury must pay the price (the interest rate) demanded by lenders for cash."

The result of these policies has been that, as the Treasury has borrowed new cash in recent years and replaced maturing I O U's with new ones, it has paid higher and higher rates.

In World War II the going interest rate on long-term Treasury bonds was 2½ percent a year. Today the going rate on similar bonds is over 4 percent a year—the Treasury can't get much cash even at that rate.

Sure, the United States can "afford" today's debt and interest load—but that doesn't make $8 billion a year in interest alone any less staggering.

Mr. CARROLL. Mr. President, this is the central issue developed by the junior Senator from Oklahoma and the junior Senator from Tennessee, as I see it. A few moments ago I read from an article in the Wall Street Journal that commercial rates on short-term paper are falling. The Senate is now about to pass a bill permitting higher interest rates which will act as a magnet to draw up interest rates on the money the U.S. Treasury must borrow.

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

Mr. CARROLL. Yes.

Mr. CAPEHART. Congress is not increasing the rates. Congress is increasing the ceiling under which the Administrator, in his judgment, in the months or years to come, may increase the rates. The law from the very beginning of FHA permitted a ceiling of 6 percent on the great bulk of mortgages. At no time has the Administrator of FHA, either under the Democrats or under the Republicans, increased the interest rate to 6 percent. At the moment it is 5½ percent. Congress is not increasing the rate. It is simply increasing the ceiling to which the Administrator can go, if he wishes to go and thinks it is necessary.

Mr. CARROLL. I know that.

Mr. CAPEHART. The Senator tried to leave the impression that Congress was setting the rate. Congress is not setting the rate. It is setting the maximum ceiling to which the Administrator may go.

Mr. CARROLL. The Senator from Indiana knows that if Congress sets the standard, the agency will conform to the standard. We had this question before us last year.

Mr. CAPEHART. Will the Senator yield further?

Mr. CARROLL. I want to answer the Senator for just a moment. There was debate on this question last year. We increased the interest rate ceiling and within a short time the actual rate was raised to the new ceiling. I ask the junior Senator from Oklahoma if I am correct about this. I think we wanted to set the interest rate at 4½ percent. The other side did not agree with us. It wanted 4¾ percent. Today we are willing to go up one-quarter of a percent from our 4½ percent of last year and hold the rate at 4¾ percent. But now the standard is not high enough. Now the other side is requesting 5¼ percent. That is the issue before this body. The issue will be carried to the country. The point I wish to make is this——

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

Mr. CARROLL. May I finish? I shall be through in just a moment.

Some have said that the difficulty is that the home builders must get money, and that there is a tight money market. It is said that venture money will not move into the home building market, and we cannot get the money at less than 5¼ percent.

However, the junior Senator from Oklahoma has put his finger on a very important point. When we set the standard at 5¼ percent, that acts as a magnet and it will draw up the interest on Government bonds. That is the one great danger we ought to be thinking about.

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

Mr. CARROLL. I yield to the majority leader.

Mr. JOHNSON of Texas. Several Senators are absent from the Chamber. It is a reasonably late hour. I have talked with the proponents of the amendment and to the members of the subcommittee, and I wonder if the Senator could give me an estimate as to how much longer he desires to speak.

Mr. CARROLL. I will say to the majority leader that one of the reasons I had to respond to the Senator from Indiana is that I did not want the Senator to leave the impression that we were trying to create a great scare.

Mr. JOHNSON of Texas. What I am attempting to do now is to get some estimate as to how long it will be before we can conclude this evening. I hope the Senator can give me some idea as to how long he will take. The junior Senator from Texas [Mr. YARBOROUGH] wants to address the Senate for 10 minutes. The Senator from Alabama [Mr. SPARKMAN] would like to have 5 minutes.

If the Senator from Colorado can give me an indication of how long he would

like to speak, I should like to reach unanimous consent on a time to have a vote. The Senator from Oregon [Mr. MORSE] and other Senators are attending a meeting and would like to be present for the vote. We would like to notify them as much in advance as we can.

Mr. CARROLL. I will say to the majority leader that I believe the record is so clear with respect to the actions of both the Roosevelt administration and the Truman administration with reference to stabilizing the interest on the public debt and the fact that we have not been leading the Nation down to ruin and socialism, that the junior Senator from Colorado now yields the floor.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the junior Senator from Texas [Mr. YARBOROUGH] may be recognized for not to exceed 10 minutes; that the Senator from Alabama [Mr. SPARKMAN] may be recognized for not to exceed 5 minutes——

Mr. DIRKSEN. I should like to have 1 minute.

Mr. SPARKMAN. I should like to have not to exceed 10 minutes.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the junior Senator from Texas [Mr. YARBOROUGH] may be recognized for not to exceed 10 minutes; that the Senator from Alabama [Mr. SPARKMAN] may be recognized for not to exceed 10 minutes; and that the Senator from Illinois [Mr. DIRKSEN] may be recognized for not to exceed 2 minutes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas?

Mr. BUSH. Mr. President, reserving the right to object——

Mr. JOHNSON of Texas. Mr. President, does the Senator from Connecticut desire some time?

Mr. BUSH. Yes. I should like to reserve not to exceed 5 minutes.

Mr. JOHNSON of Texas. Mr. President, I further ask unanimous consent that the Senator from Connecticut be recognized for not to exceed 5 minutes. I hope we can get a vote on the amendment.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas?

Mr. CAPEHART. Mr. President, reserving the right to object, I should like to reserve 5 minutes for myself. I may not use the time, but I should like to reserve it.

Mr. JOHNSON of Texas. I hope the Senator has said all he intends to say on the matter.

Mr. CAPEHART. I have, unless it is necessary for me to answer some remark.

Mr. JOHNSON of Texas. Mr. President, I modify my request to include the request that the Senator from Indiana be recognized for not to exceed 5 minutes.

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

Mr. JOHNSON of Texas. Mr. President, I now ask the attachés of the Senate on each side of the aisle to please notify all absent Senators that we have not to exceed 35 minutes before we come to a vote. I ask attachés to ask Senators to return to the Chamber. We expect to have a vote on this question this evening. I should like to have final action on the measure this evening, and I should like to request the yeas and nays, if they have not been ordered.

The PRESIDING OFFICER. Is the Senator requesting the yeas and nays on the Gore amendment?

Mr. MONRONEY. Mr. President, it is the Monroney amendment.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

Mr. MONRONEY. Mr. President, before the decision is announced I accept the Gore amendment as an amendment to my amendment.

The PRESIDING OFFICER. The yeas and nays are ordered on the Monroney amendment, as modified.

Mr. JOHNSON of Texas. Mr. President, I cannot tell Senators exactly how long it will be before the vote is taken. There are 35 minutes of possible debate. If all Senators use all time we will vote at 10:05. If any Senator is very prudent and wants to take no chance he should be here about 5 minutes before 10 o'clock.

Mr. President, I ask for the yeas and nays on final passage of the bill.

The yeas and nays have been ordered on the amendment, have they not?

The PRESIDING OFFICER. The yeas and nays have been requested. Is there a sufficient second?

Mr. JOHNSON of Texas. I asked for the yeas and nays on the Monroney amendment, which is the pending business.

The PRESIDING OFFICER. The yeas and nays were ordered on the amendment.

Mr. JOHNSON of Texas. I thought the yeas and nays had been ordered. May we have the yeas and nays on the passage of the bill?

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, may we have an agreement, on passage of the bill, that debate will not exced 15 minutes for each side? I ask unanimous consent that debate be limited to not exceed 15 minutes for each side. We can yield the time back if we do not use it.

Mr. BUSH. Mr President, will the Senator state his request again?

Mr. JOHNSON of Texas. I ask unanimous consent that there be 15 minutes of debate, pro and con, on the passage of the bill.

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

Mr. YARBOROUGH. Mr. President——

The PRESIDING OFFICER. The junior Senator from Texas is recognized.

Mr. YARBOROUGH. Mr. President, we have heard a good bit of discussion about the cost of the high interest rates proposed in the Republican amendment which was placed in the bill.

The PRESIDING OFFICER. The Senate will be in order.

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

Mr. YARBOROUGH. I yield.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that after the vote is taken on the Monroney-Gore amendment and after the time is consumed on the bill that the Senate then proceed to vote on passage of the bill.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas?

Mr. JOHNSON of Texas. I want to make it clear that we will not have any other intervening amendments offered.

Mr. SPARKMAN. Mr. President, I should like to inform the majority leader that there are some amendments which will not require any time, but there are some amendments more or less technical in nature and some more or less minor things we have been holding back. It will take a few minutes to get action on those.

Mr. JOHNSON of Texas. Mr. President, that is agreeable, so long as we do not use time. The items can be considered and can be accepted.

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

Mr. YARBOROUGH. Mr. President——

The PRESIDING OFFICER. The junior Senator from Texas.

Mr. YARBOROUGH. Mr. President, we have had a great deal of discussion about the high cost of interest rates. Let us stop and consider for a moment what the higher interest rates cost in terms of actual services to the people, in the way of the goods they use, the houses in which they live, or the equipment which might be used by them.

I heard testimony given today by a qualified economist before a Senate committee on what a higher interest rate actually means in terms of school construction. In traveling over my home State last fall, I was told many times, "We voted bonds for a new schoolhouse—we voted bonds for a new jail—we voted bonds for a new city hall—we voted bonds for a new library building—or for some other public building—but before we could get the plans drawn and approved there was a change in the interest rates and we could not build the building we planned because of the increased interest rates."

Sometimes an increase of one-half of 1 percent denies a community the benefit of another building, another schoolhouse, another courthouse, or another public library.

I should like to give the actual figures for one school district in the State of Minnesota, which was discussed today by an economist from the department of economics of the University of Minnesota, who testified before a Senate committee. He cited the case of a school district where a bond issue was voted last year for the building of a new 25-room school building. Before the bonds could be marketed and before the architect's plans could be approved, the interest rates went up 1 percent. With

the same capital amount of bonds to be marketed, the architect had to redraw the plans. What was the effect on those plans? It was necessary to cut five rooms from the school building. That is an actual case. It was necessary to build a 20-room schoolhouse instead of a 25-room schoolhouse because of a 1 percent increase in interest rate. That is what the Republican high interest rate means. That is one reason why we are 140,000 school rooms short in the United States of America this year. That is why there are so many seats on this side of the aisle this year and so few on the Republican side.

However, I want to warn my Democratic colleagues in the Senate, that the Democratic Party made a pledge to the American people that it would fight these high interest rates and this hard-money policy, yet the first bill we have to consider, which comes from the committee, would "kite" the interest rate on Government-guaranteed loans.

As the junior Senator from Tennessee so aptly pointed out, there is no better security in the world than the security which has the endorsement of an American family, of a husband and wife signing their personal pledge that they will pay the note, guaranteed by a mortgage on a piece of real estate, which is their home, and then guaranteed by all the resources and might and power of the American Government.

Governments fail at times, but private property remains. Sometimes property is lost, but a man carries out his obligations.

This is the type of gilt-edged security which is better than anything else. This is the pledge of an honorable man to pay for his home, secured by the real estate, and guaranteed by the Government of the United States.

The committee has reported a bill which says that despite the pledge of payment by the Government of the United States, the pledge of payment by the family, and the security of the mortgaged home, we are going to permit the interest rate to be "kited" another half percent. It ignores the fact that the rate was raised last year.

Mr. President, I should like to point out that the bill as originally introduced did not have that provision in it. I am a coauthor, but it did not have this interest rate increase as it was originally introduced. As amended in the committee, this bill raises interest rates one-half of 1 percent, not only for veterans' loans but for all loans under the bill.

We have given an example as to what happens to the number of rooms that must be cut out with respect to construction of a schoolhouse if the interest rate is raised just 1 percent. The raising of the interest rate 1 percent for a bond issue, with respect to a 25-room schoolhouse, cut off 5 rooms from the school. That has happened all over this country. We would not have such a shortage of housing, such a shortage of public buildings, or such a shortage of schools, if it were not for the monumental increase in the interest rate which has occurred in the past 6 or 7 years.

How much has it gone up?

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

Mr. YARBOROUGH. I yield to the distinguished Senator from Louisiana.

Mr. LONG. I suspect, if the Senator will look into the situation with respect to the 5¼ percent interest rate, that on a 25 or 30-year mortgage the owner will wind up paying more for the interest than for the house itself.

Mr. YARBOROUGH. Yes; that often happens. Furthermore the house usually has one room less in it. It therefore becomes necessary to crowd the children into fewer rooms. That is one factor that has been overlooked, Mr. President. We talk about the increment that goes to the moneylenders. How about looking into what it is costing the people? It is costing the people a great deal more. It results in cheaper houses, in inadequate houses, in a smaller number of rooms in a home, in an inadequate number of school rooms, in smaller libraries, in smaller fire stations, in smaller public buildings of all types. The buyer not only pays more, he gets less. The size of his house is reduced; its space taken up by bigger interest rates.. For every one-half percent increase in interest rates, there are fewer square feet in the home, cheaper and fewer home appliances, and fewer cubic feet of breathing space for the family.

Our gross national product in 1957 was $440 billion. Our total debt in this country, public and private, has been estimated at three-quarters of a trillion dollars, or $750 billion. Of that $750 billion, at the end of 1958, $56 billion was represented by State and local indebtedness. In other words State and local government indebtedness is up to $56 billion. The U.S. Government indebtedness is about $280 billion. The private indebtedness is about $415 billion. Altogether the combined public and private debt of this country is about $750 billion.

When we raise the interest rate even by one-half of 1 percent on Government guaranteed loans, we might as well recognize that the interest rate will go up by at least 1 percent on loans that are not guaranteed by the U.S. Government.

What will it cost? What will be the result so far as the cost of an interest rate increase on the $750 billion public and private debt in this county is concerned? At 1 percent, it will cost $7½ billion per year in increased interest rates. At 2 percent increase the additional interest rate cost is $15 billion per year on our total debt.

Mr. President, we might well ask what has been happening in the last 6 years. During the last 6 years the interest rates on high-grade municipal bonds, of the bigger cities, that is, have gone up. I take my information from Standard and Poor's Index of Municipal Bonds. These are high-grade municipal bonds. These are not the bonds of the smaller cities, or smaller school districts. These are the high-grade municipal bonds. These are the gilt-edge bonds. They have gone up from 2 percent to 3.84 percent. That is what has happened in about 6½ years. That is nearly double, Mr. President. The smaller cities and towns and the little school districts are the ones that are paying through the nose at much higher rates. I am talking about the gilt-edge municipal securities now, when I say their interest rate has gone up from 2 percent to 3.84 percent in the last 6 years.

In the field of U.S. Government bonds, from which the income is taxable, in 1954 the average interest rate was 2.53 percent. Now it is 3.80 percent, which is an increase of nearly 1½ percent, in less than 5 years. That interest rate on U.S. Government bonds has been going up fast. Of course the private debt interest rate has gone up even faster.

We have heard Senators across the aisle argue that we have a budget to consider, and that we must balance the budget. One would think, to hear that kind of talk, that it was a golden calf that was being raised up. The Republican budget has about as much governmental sanctity as the golden calf had of religious validity. What will happen to the budget in this spiral of interest rates?

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

Mr. YARBOROUGH. I ask unanimous consent that I may extend my time by 1½ minutes.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator is recognized.

Mr. YARBOROUGH. The Secretary of the Treasury, according to press reports, must refinance about $80 billion of our $280 billion public debt this year. An authorized increase in interest rates in this bill is an invitation to the moneylenders to hold the Treasury's feet to the fire. "The Government has already guaranteed a half percent more," they will say, "and we can get a half percent on the bonds." If the rate goes up, on $80 billion, a half of 1 percent is $400 million a year. In 10 years it is $4 billion more in interest that would have to be paid out of the taxpayers' pockets at prevailing rates.

That is of great concern to the American people. It has been said that those protecting the veterans want to raise these rates. I have the honor—and I am proud of it—and am grateful to this Senate for that honor to serve now as chairman of the Veterans' Subcommittee of the Senate. I say that an increase in interest rates on their homes is not what will protect the veterans of the United States. We will not protect them by kiting up the interest rate. If we want to protect the veterans, this is not the way to do it. Incidentally, the provisions for the veterans is only a small part of the bill. This is a National Housing Act. It provides for veterans' housing and for college dormitory housing and for public housing, and for virtually all kinds of housing. Kiting the interest rate will cripple the colleges by raising the cost of building their dormitories, and raising the rent they charge students, with the result that they will not be able to handle the population explosion which took place after World War II. Colleges will not be able to handle the students who will be crowding them. The result will be that there will be fewer dormitory rooms and class-

rooms in the colleges for college students to go into.

We have heard the talk from the other side of the aisle that we should let the interest rate work up and down. This bill would work it up, not down. There is no play up and down in it. It is all up, no down.

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

Mr. YARBOROUGH. I am going to carry out my pledge and obligation to the American people and vote to keep interest rates down.

Mr. SPARKMAN. Mr. President, I have listened to all the debate on this question. I have listened to it with a great deal of interest and a great deal of agreement. I believe that the membership of the Committee on Banking and Currency voted unanimously in favor of the interest increase.

Certainly, no member of the committee on our side of the aisle wanted to increase the rate. We have fought against it year after year. It was last year that we finally agreed to a rise in the interest rate from 4½ percent to 4¾ percent, and tied it to the going FHA rate on section 203(b) mortgages, with one-half of 1 percent in between. We wrote that provision into law; that the VA interest rate should never be higher than a half percent below such FHA rate.

It became apparent, however, watching the VA starts and applications and appraisal requests which came in, that the program had simply become stymied. All the testimony before us dealing with the subject was to the effect that the only way we could get the VA program going was to loosen the interest rate.

We did not set the rate at 5¼ percent. We set the ceiling at 5¼ percent. It may very well be that the interest rate will go to 5¼ percent. I do not know. That is up to the Administrator of the Veterans' Administration. I realize that the interest rates were much lower back during the Roosevelt administration and during the Truman administration. I wish we still had low interest rates. However, as a matter of reality, we do not have them. Back in Roosevelt and Truman administrations we had bond purchases by the Federal Reserve Board, which stabilized the market. That practice was terminated even before the Truman administration went out of office. We have not had that operation since that time. Interest rates, whether we like it or not, have gone up.

I have not liked the increases any better than any other Senators. I have taken my place on the Senate floor and have spoken against these increases. I made one of the first speeches, back in the early part of 1953, against rising interest rates, and I pointed out then what the effect would be.

However, we are not living in the Roosevelt administration. We are not living in the Truman administration. We are living in the Eisenhower administration, and interest rates are higher. The question is do we want housing? I realize that if we pump money into the Federal National Mortgage Association, we can buy mortgages, and in that way we can get money. However, we had a great fight yesterday on direct home loans to veterans living in rural areas.

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

Mr. SPARKMAN. I am glad to yield to the distinguished chairman of the committee.

Mr. FULBRIGHT. Would not the proposal here discussed and offered by the Senator from Oklahoma be equivalent to the direct loan program which yesterday we voted to cut in half by almost a unanimous vote?

Mr. SPARKMAN. It is the same thing.

Mr. FULBRIGHT. It has the same effect.

Mr. SPARKMAN. Yes.

Mr. FULBRIGHT. The Senate by a large majority—I do not recall exactly what the vote was—voted against it. Would not the adoption of the pending amendment be inconsistent with the action of yesterday?

Mr. SPARKMAN. It would be.

Mr. FULBRIGHT. I agree completely on what is involved. All of us, of course, deplore the fact that interest rates have gone up. We deplore inflation. The price of automobiles has gone up, as has the price of everything, and so has the interest rate. To pick out one item and think we can correct it by this means is wholly a false way to approach the matter.

Mr. SPARKMAN. The Senator is absolutely correct. By the way, in keeping with the suggestion he made about this being a direct loan program, the Gore amendment is now a part of the Monroney amendment. This is what it does. First of all, in order to operate, the amendment will require $165 million to be put up by the Treasury, and that is an expenditure. In other words, the added impact on the budget immediately is $165 million. When that is done, the Federal National Mortgage Association can turn around and reactivate its program to the extent of approximately $2 billion, with which to buy mortgages at par.

I should like to follow that thinking a little further. In 1954, Congress changed the Federal National Mortgage Association from the kind of organization the Senator from Tennessee has described to what was planned eventually to be a private corporation, and to use its services just like farm credit operations and Home Loan Bank Board operations and many other operations of that kind.

Mr. FULBRIGHT. There is the Production Credit Association.

Mr. SPARKMAN. Yes; the Production Credit Association; and also the Farm Credit Administration. Since that time, $37 million worth of stock has been bought by private individuals. There are 37,000 shares held by 4,064 stockholders.

Do Senators realize what they are doing now? We will be wiping out these stockholders completely. We will be taking away $37 million which has been subscribed by private stockholders, and we will wipe the stockholders out of existence. We will be wiping out a private corporation and turning it into a Government operation, which not only is required to buy mortgages at par, but also cannot even make a service charge for its operation. So again Congress will have to appropriate money in order to operate the association.

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

Mr. SPARKMAN. I yield.

Mr. FULBRIGHT. In order to be fair about it, if the Monroney amendment should be agreed to, it ought also to appropriate money to reimburse the owners of the $37 million worth of stock which those persons, in reliance upon the law, bought in this corporation, should it not?

Mr. SPARKMAN. It is the only right, fair thing to do.

Mr. FULBRIGHT. Otherwise, the Government would be taking money without due process of law.

Mr. SPARKMAN. Yes; we would be taking it away without due process of law.

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

Mr. SPARKMAN. I yield.

Mr. MANSFIELD. Did I correctly understand the Senator to state that all the Democratic members of the committee agreed to this proposal?

Mr. SPARKMAN. Democratic and Republican members alike.

Mr. MANSFIELD. All the members of the committee?

Mr. SPARKMAN. The vote was unanimous. Some of us did not want to do it, but we simply said—and the Senator from Pennsylvania will remember this—that it was the only way in which we would get housing.

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

Mr. SPARKMAN. I yield.

Mr. CLARK. I think I shared the reluctance of the Senator from Alabama in voting as I did. But it seemed to me perfectly clear that the only alternative was to pump a lot of money into FNMA. That would have caused all the penny-pinching budget balancers to raise their voices all over again and would have enabled them to clamor about how we wild-eyed spenders wanted an unbalanced budget.

We were carrying a heavy enough load with the bill as reported by the committee, so with reluctance the Senator from Alabama and I felt that we were not prepared to pour a lot of money into FNMA because we did not want to kill the housing program.

Mr. SPARKMAN. The Senator from Pennsylvania is exactly correct. We were trying to report a bill which would become law, in the first place, and would produce housing.

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

Mr. SPARKMAN. I yield.

Mr. JOHNSON of Texas. I am against high interest rates as much as is any other Member of this body. I am ready and willing to agree to do everything within the power of Congress to make available to the Government money at as low an interest rate as it is possible to obtain.

I do not question the good faith or integrity or ability of any who may disagree with me, but I wish to commend the Senator from Alabama [Mr. SPARKMAN] for the sense of responsibility he has demonstrated to the Senate and the Nation. I commend his committee and every member of it, headed by the Senator from Arkansas [Mr. FULBRIGHT], because I think the choice is this simple. We can have either speeches about houses, or we can have houses.

The Senator knows, and I know, that it is very popular to be against high interest rates. I am against them.

I do not wish to chastise or criticize anyone who may want to make a record. But the record I want to make and the record I want the Senate and Congress to make, is a responsible record of which we can be proud. We can be proud of it if we let the free enterprise system operate to build some houses.

I am willing to begin tomorrow morning to do everything within my power to use the credit of the U.S. Government to bring down the price of money; but I will not do it on this bill because such action will not provide any housing for veterans.

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

Mr. JOHNSON of Texas. I thank the Senator from Alabama for yielding to me.

Mr. SPARKMAN. Mr. President, I ask for 2 additional minutes.

Mr. JAVITS. Mr. President, I ask unanimous consent that I may proceed for 2 additional minutes.

The PRESIDING OFFICER. Is there objection?

Mr. LONG. Mr. President, I object at this time. The Senator from Alabama has the floor. I shall not object when the Senator from Alabama has completed his remarks.

Mr. JAVITS. I intended to fit my remarks in with what the Senator from Alabama has said.

Mr. LONG. I withdraw my objection.

Mr. JAVITS. I, too, voted in committee, and it was a different vote from the one I cast last year on the very same question. I should like to state the reason I did so in fairness to myself and the committee, especially the Senator from Pennsylvania [Mr. CLARK], who worried about this problem as much as I did.

I felt that such action would be a discrimination against the veteran. We would be cutting out around him and preventing him from having access to the money market, to which he was entitled to have access. There simply is not enough money around for this purpose to supply him with the direct loan, which is all this amounts to, in order to give the veteran who wants it a real opportunity to get a home under the VA bill. The market under the VA bill had dried up. Yet if we put up more dollars, which was what was wanted in order to go forward, that money would be used up, and the source would dry up again.

I do not know whether this proposal will work. But we can give it a trial.

When we come to some broad-scale proposal on interest rates, even if it is 4½ percent, I will pledge my vote now against a raise; but in this particular detail we would be discriminating against a particular group of people. That, I think, is not fair.

Mr. SPARKMAN. I think the Senator from New York is correct. I have the same doubt. I shall do all I can to help pull down interest rates, but not at the expense of veterans who are entitled to homes. That is what the adoption of this kind of program would do.

First, I am confident it would never be signed into law. I have no way of knowing that, but I believe that to be true.

We have heard a good deal about what is good for the veterans. The House Committee on Veterans' Affairs reported a bill which was passed yesterday by a vote of almost three to one, which provided for increased interest rates. The House opposed such a proposal repeatedly in the past. But it was up against the reality of the situation this time.

The two largest veterans organizations in the country, the Veterans of Foreign Wars and the American Legion, have both urged Congress to adopt flexible interest rates, which we have done. I do not think those organizations yield to anyone in their interest in the welfare of the veterans.

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

Mr. SPARKMAN. I yield.

Mr. DIRKSEN. I can probably use up my 2 minutes now. I received a telegram, copies of which were undoubtedly sent to many Senators.

Mr. SPARKMAN. Is the Senator speaking on his own time?

Mr. DIRKSEN. Yes.

> The American Legion respectfully requests your support of legislation to raise the interest ceiling on GI loans to 5¼ percent.

The Veterans of Foreign Wars have concurred in that request. The Veterans of Foreign Wars, through their legislative committee, speaks for a million veterans. I believe the American Legion speaks for 2 million veterans.

So with all respect to our very genial friends who have been talking about the moneychangers in the temple, who should be chastised with whips and scorpions, Wall Street bloated bankers, and everything else, here are the moneychanges in the Veterans of Foreign Wars and in the American Legion who respectfully importune Congress now to raise the interest rate.

Mr. SPARKMAN. I appreciate the comments of the Senator from Illinois.

I conclude with this statement. I think it represents the feeling of every Senator on the committee. It was distasteful to us, but we felt it was necessary to act as we did if we were to provide housing. That is what we are trying to do. We are trying to produce housing for American families. We are not disturbing the FHA rate or the general rate. We are changing some of the rental property rates, where that was necessary, in order to get the programs off the ground, without seeking to change it in the veterans' program. We are making it more or less uniform throughout the entire housing program for one purpose, and one purpose only, namely, to produce decent homes for American families.

Mr. DIRKSEN. Mr. President, in the absence of any other Senator who might yield time, I yield 5 minutes to the Senator from Connecticut.

Mr. BUSH. Mr. President, I wish to say a few words before the vote. I have listened very carefully all evening to what appears to be a very well organized attack upon this administration, on the basis that it is responsible for high interest rates, and that high interest rates are a policy of the Eisenhower administration.

I have repeatedly denied that that was the case, not this year, but last year and the year before. I challenge anyone to read the RECORD of tonight and get from that RECORD any evidence or any proof of any kind that this administration has a high interest rate policy, or that it is responsible for higher interest rates than prevailed before the Eisenhower administration came into power 6 years ago. I say there has not been one item of proof placed in the RECORD that the responsibility for the high interest rates, as they are called, can be traced to the policies of the Eisenhower administration.

It has been stated in the debate that the Federal Reserve Board has some authority in the matter of credit; that it is able to influence credit through monetary controls which it has. I challenge the opposition to introduce a bill which will curb the power of the Federal Reserve Board. I challenged them last year to do this. The challenge was ignored. If they wish to come to grips with the question of interest rates, and if they are sincere in their attacks in respect of this matter, they should come to grips with the problem where it can be gripped, namely, in the powers of the Federal Reserve Board. They know it, but I do not believe they will dare come before Congress with proposed legislation which will curb the powers of the Federal Reserve Board.

Mr. CLARK. Mr. President, will the Senator from Connecticut yield to me?

Mr. BUSH. Mr. President, they know it; and I do not believe they will dare propose legislation which would curb the powers of the Federal Reserve Board.

Mr. CLARK. Mr. President, will the Senator from Connecticut yield?

Mr. BUSH. Mr. President, I will not yield; I have only a few moments in which to speak. I have listened to the debate for a long time, and I do not intend to yield at present.

It has been said—and correctly—that the Federal Reserve Board is a creature of the Congress, not a creature of the executive branch of the Government. The Federal Reserve Board reports to the Congress; and the Congress is the place in which they should come to grips with the situation, if they really mean what they say about high interest rates.

Mr. President, I am very tired of hearing interest rates made a political football; but I have been hearing it for the past few years. If they really mean what they have said, if they really mean to

come to grips with it, let them vote to proceed in a way by which that can be done.

Mr. President, I am grateful to the Senator from Alabama for the statement he made a moment ago. I am in support of that statement. I stand with him in opposition to the amendment; and I hope the Senate will vote to reject the amendment.

Mr. SPARKMAN. Mr. President, has all available time been used?

The PRESIDING OFFICER. The Senator from Indiana has reserved 5 minutes.

Mr. SPARKMAN. I suggest the absence of a quorum.

Mr. LAUSCHE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Ohio will state it.

Mr. LAUSCHE. Has the amendment of the Senator from Tennessee been merged with the amendment of the Senator from Oklahoma, so that they now constitute only one amendment?

The PRESIDING OFFICER. That is correct.

Mr. LAUSCHE. Those two amendments do not now stand separately before us, do they?

The PRESIDING OFFICER. They do not.

Mr. SPARKMAN. Mr. President, I withdraw my suggestion of the absence of a quorum.

Mr. MONRONEY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Oklahoma will state it.

Mr. MONRONEY. Can the two amendments, which now have been merged into one, be stated at this time, for the information of the Senate? My amendment freezes the interest rates on GI housing and Capehart housing mortgages. The amendment submitted by the Senator from Tennessee [Mr. GORE] provides for Federal National Mortgage Association support, at par, for mortgages issued in the future. I think both amendments should now be stated.

The PRESIDING OFFICER. Is there objection?

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. 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.

The question is on agreeing to the Monroney amendment as modified by the Gore amendment.

The Senator from Oklahoma has asked that the amendment, as modified, be read.

Mr. MONRONEY. Mr. President, inasmuch as the reading of the amendment would be purely technical, I withdraw my request that it be read.

The PRESIDING OFFICER. Very well.

The question is on agreeing to the modified amendment offered by the Senator from Oklahoma to the committee amendment. On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. CLARK (when his name was called). On this vote, I have a pair with the junior Senator from Maine [Mr. MUSKIE], who is unavoidably absent. If the junior Senator from Maine [Mr. MUSKIE] were present and voting, he would vote "yea." If I were at liberty to vote, I vote "nay." Accordingly, I withhold my vote.

The rollcall was resumed and concluded.

Mr. MANSFIELD. I announce that the Senators from New Mexico [Mr. ANDERSON and Mr. CHAVEZ], the Senator from Louisiana [Mr. ELLENDER], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Montana [Mr. MURRAY], the Senator from Maine [Mr. MUSKIE], and the Senator from Wyoming [Mr. O'MAHONEY] 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 Wyoming [Mr. O'MAHONEY] would vote "yea."

On this vote, the Senator from New Mexico [Mr. ANDERSON] is paired with the Senator from Louisiana [Mr. ELLENDER]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Louisiana would vote "nay."

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from Minnesota [Mr. MCCARTHY]. If present and voting, the Senator from New Mexico would vote "nay," and the Senator from Minnesota would vote "yea."

On this vote, the Senator from Oregon [Mr. NEUBERGER] is paired with the Senator from Arizona [Mr. GOLDWATER]. If present and voting, the Senator from Oregon would vote "yea," and the Senator from Arizona would vote "nay."

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

The Senator from California [Mr. KUCHEL] is necessarily absent.

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

The Senator from Arizona [Mr. GOLDWATER] is paired with the Senator from Oregon [Mr. NEUBERGER]. If present and voting, the Senator from Arizona would vote "nay," and the Senator from Oregon would vote "yea."

The result was announced—yeas 27, nays 58, as follows:

YEAS—27

Bartlett	Johnston, S.C.	Monroney
Byrd, W. Va.	Kefauver	Morse
Cannon	Kennedy	Pastore
Carroll	Kerr	Proxmire
Gore	Langer	Randolph
Gruening	Long	Russell
Hart	Magnuson	Smith
Humphrey	McGee	Symington
Jackson	McNamara	Yarborough

NAYS—58

Aiken	Bridges	Capehart
Allott	Bush	Carlson
Bennett	Butler	Case, N.J.
Bible	Byrd, Va.	Case, S. Dak.
Church	Hennings	Prouty
Cooper	Hickenlooper	Robertson
Cotton	Hill	Saltonstall
Curtis	Holland	Schoeppel
Dirksen	Hruska	Scott
Dodd	Javits	Smathers
Douglas	Johnson, Tex.	Sparkman
Dworshak	Jordan	Stennis
Eastland	Keating	Talmadge
Engle	Lausche	Thurmond
Ervin	Mansfield	Williams, N.J.
Frear	Martin	Williams, Del.
Fulbright	McClellan	Young, N. Dak.
Green	Morton	Young, Ohio
Hartke	Moss	
Hayden	Mundt	

NOT VOTING—13

Anderson	Goldwater	Neuberger
Beall	Kuchel	O'Mahoney
Chavez	McCarthy	Wiley
Clark	Murray	
Ellender	Muskie	

So Mr. MONRONEY's modified amendment to the committee amendment was rejected.

Mr. JOHNSON of Texas. Mr. President, I move that the vote by which the modified Monroney amendment to the committee amendment was rejected be reconsidered.

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

The motion to lay on the table was agreed to.

Mr. JOHNSON of Texas. Mr. President——

The PRESIDING OFFICER. The Senator from Texas.

Mr. MONRONEY. Mr. President, I should like to address a question to the chairman of the housing subcommittee. The information I have——

Mr. JOHNSON of Texas. Mr. President, I yield the Senator from Oklahoma 2 minutes on the bill.

Mr. MONRONEY. I have information that contractors are doing work on $1,139 million worth of projects for Capehart housing for the military. This work is under construction loan, and will not be put under final insured mortgage until the buildings are completed and insured mortgages can be issued.

Of those contracts, $660 million are privately financed. Unless some retroactivity is provided on projects on which final insurance has not been issued, those contractors face bankruptcy because they must discount 4¼ percent mortgages to sell them in competition with mortgages with higher rates.

I should like to know what the position of the chairman of the subcommittee is, since authorization has been given for increasing Capehart housing loans from 4¼ to 5 percent. Will there be retroactivity to see that the contractors now building the projects can finance their loans, when final mortgages are issued, at the going rate?

Mr. SPARKMAN. That subject is covered on page 6 of the report. Of course, we have no way of knowing whether the interest rate will be increased, and if so, to what extent; but in the report the Commissioner is given responsibility for working out an arrangement.

Mr. MONRONEY. Is the authority given to the Commissioner to prevent contractors who are engaged in $660 million worth of work from going bankrupt?

Mr. SPARKMAN. I suggest that the Senator read the second paragraph, commencing on page 6 of the report, in which it is stated that it is the responsibility of the FHA Commissioner to make certain that all who may be affected by a change in interest rates are fairly treated.

Mr. MONRONEY. Perhaps that would mean those contractors could obtain financing, not at 4¼ percent, but at the higher level if so set by the Commissioner.

Mr. SPARKMAN. I do not want to say anything at this time with reference to the details of how those arrangements will be worked out, because I am frank to say I do not know. We must remember that, as conditions are today, even though there is in effect a 4¼ percent rate, actually there are discounts which amount to 4 or 5 points. That in effect means——

Mr. MONRONEY. The distinguished Senator knows that 2 months after the rates for Capehart housing had been increased, there was notice that the new interest rates would be effective. There was insurance against bankruptcy by reason of a statement that there will be 95 instead of 100 percent sales of those mortgages when completed.

Mr. SPARKMAN. I will say to the Senator from Oklahoma that before the bill comes out of conference, between the two committees we shall do our best to get from the FHA Commissioner an outline of the plan he intends to put into effect. We shall do our best to see it is fair and equitable.

Mr. GORE. Mr. President, will the Senator yield some time to me?

Mr. JOHNSON of Texas. I yield 1 minute to the Senator from Tennessee.

Mr. GORE. I thank the Senator.

First, I thank this body for the courteous attention it gave to the Senator from Tennessee. Second, I should like to address a question to the distinguished chairman of the subcommittee.

Information has come to me that a number of lenders have incorporated in their instruments of mortgage a provision conditioned upon the future action of Congress; namely, that if the Congress should increase the interest rate in the future, the mortgages thus signed would carry into the future and require a higher interest rate. I have received calls from my own State, and information with respect to other States.

I should like to inquire if the bill contains any provision which would validate or invalidate such an undertaking.

Mr. SPARKMAN. I know of no particular case, but I understand that there are some pending contracts which carry that provision. However, not a single executed contract carries such a provision.

Mr. JOHNSON of Texas. Mr. President, I understand there are some technical amendments which the chairman of the subcommittee wishes to offer and which are acceptable to the minority. I ask that they be called up.

Mr. SPARKMAN. Mr. President, I send to the desk an amendment which I ask to have read.

Mr. GORE. Mr. President, may I have an additional one-half minute?

Mr. JOHNSON of Texas. I yield one-half minute to the Senator from Tennessee.

Mr. GORE. What would be the intention of the chairman of the subcommittee if such an undertaking had been entered into and such a loan had been approved?

Mr. SPARKMAN. I am not certain that the FHA Commissioner would have approved such a contract; but if such a contract had been entered into and had been approved, Congress could do nothing about it. Congress could not upset a contract. However, I am of the opinion—and I say to the Senator that we shall certainly check on this—that the FHA Commissioner would not have approved a contract with such a provision in it. I shall check on it.

Mr. GORE. Will the Senator check it before the bill goes to conference?

Mr. SPARKMAN. Yes. I said we shall check on it.

The PRESIDING OFFICER. The amendment offered by the Senator from Alabama [Mr. SPARKMAN] to the committee amendment will be stated by the clerk.

The LEGISLATIVE CLERK. It is proposed, on page 99, in line 18, in the committee amendment after the word "homes", to insert a colon and "*Provided*, That in a case where certification of need has been denied by such State agency, the Commissioner may, upon application of the mortgagor, take such action as he deems appropriate."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alabama.

The amendment to the amendment was agreed to.

Mr. SPARKMAN. Mr. President, I offer an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 140, line 10, in the committee amendment, after the word "than", it is proposed to strike out "three" and insert "five."

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment to the amendment was agreed to.

Mr. SPARKMAN. Mr. President, I offer an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 70, line 21, in the committee amendment, it is proposed to strike out "$88,000" and insert in lieu thereof "$8,000."

On page 99, line 9, it is proposed to strike out "The" and insert in lieu thereof "In carrying out the provisions of this section with respect to the insurance of mortgages on properties or projects designed for use as nursing homes, the."

On page 99, line 18, after "No" it is proposed to insert "such".

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment to the amendment was agreed to.

Mr. SPARKMAN. Mr. President, I offer an amendment which I ask to have stated.

The LEGISLATIVE CLERK. On page 118, line 21, in the committee amendment after the word "persons", it is proposed to strike out the comma and "and, where a local public housing agency 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, to provide that the powers, functions, and duties vested by law in the Public Housing Commissioner and the Housing and Home Finance Administrator shall be employed in such manner as will encourage and facilitate the undertaking and carrying out of such project by such local public housing agency."

On page 123, line 3, it is proposed to strike out Sec. 404, as follows:

SEC. 404. Section 7 of the United States Housing Act of 1937, as amended, is hereby amended by adding at the end thereof the following new subsection:

"(c) Where a local public housing agency has determined and certified to the Public Housing Commissioner and to the Housing and Home Finance Administrator that the acquisition and repair, rehabilitation or remodeling of existing dwellings by the local public agency for use as low-rent housing the Commissioner and the Administrator shall employ the powers, functions, and duties vested in them by this 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 referred to in subsection (b) of this section 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."

It is proposed to correct section numbers thereafter.

Mr. CLARK. Mr. President, I ask the distinguished Senator from Alabama whether the amendment in effect would strike out section 404 of the bill.

Mr. SPARKMAN. The Senator is correct.

Mr. CLARK. Mr. President, I ask unanimous consent to address the Senate for 2 minutes.

Mr. JOHNSON of Texas. Mr. President, I yield 2 minutes to the Senator from Pennsylvania.

Mr. CLARK. Mr. President, section 404, which the amendment seeks to strike out, has to do with the acquisition of existing housing for public housing projects. That section, I have been told by my good friend from Alabama, was inadvertently left in the bill when it was before the committee. I am informed that had the Senator known the section was in the bill he would have moved to strike it out in the committee, and I suspect he would have had the necessary votes to do so. I therefore do not intend at this late date to take advantage of my good friend by objecting to the deletion of an extremely salutary provision. My reason for not doing so, in addition to my feeling of warm affection for the Senator from Alabama, is that in my opinion under existing law presently existing housing can be acquired for public-housing sites. In that

connection I invite the attention of the Senate to section 9 of the Housing Act of 1937, which reads in part as follows:

The Authority may make loans to public-housing agencies to assist the development, acquisition, or administration of low-rent-housing or slum-clearance projects by such agencies.

Section 2, subsection (5) of the Housing Act of 1937 provides in part that—

The term "development" means any or all undertakings necessary for planning, financing (including payment of carrying charges), land acquisition, demolition, construction, or equipment, in connection with a low-rent-housing or slum-clearance project—

And includes in the definition of "construction activity" the "reconstruction, remodeling, or repair of existing buildings." Since this provision is clear in existing law, I have no objection to the amendment offered by the Senator from Alabama to delete the section.

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

The amendment to the amendment was agreed to.

Mr. SPARKMAN. Mr President I offer an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 70, line 20, in the committee amendment, it is proposed to insert "(1)" immediately following "(c)."

On Page 70, between lines 21 and 22, it is proposed to insert the following:

(2) Section 203(b)(5) of such Act is amended by inserting before the period a colon and the following: "*Provided*, That no service charge shall be allowed in the case of any mortgage which is insured under this Act after the date of enactment of the Housing Act of 1959."

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

The amendment to the amendment was agreed to.

Mr. HART. Mr. President——

Mr. SPARKMAN. Mr. President, the Senator from Michigan has an amendment to offer.

The PRESIDING OFFICER. Is it a technical amendment?

Mr. SPARKMAN. It is not, but it is an amendment we have agreed to take to conference.

Mr. HART. Mr. President, I offer an amendment for myself and the senior Senator from Michigan [Mr. MCNAMARA] identified as 2–4–59—D.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. It is proposed to strike out section 320(a) of the committee amendment and insert in lieu thereof the following:

SEC. 320. (a) Section 701 of the Housing Act of 1954 is amended by striking out the first sentence and inserting in lieu thereof the following: "To facilitate urban planning for smaller communities lacking adequate planning resources, the Administrator is authorized to make planning grants to State planning agencies, or in the absence of any such planning agency in any State to an agency or instrumentality of government designated by the Governor of the State and acceptable to the Administrator as capable of carrying out the intent of this section, for the provision of planning assistance (including surveys, land use studies, urban renewal plans, technical services, and other planning work, but excluding plans for specific public works) to (1) cities, other municipalities, and counties having a population of less than fifty thousand according to the latest decennial census, and (2) any group of adjacent communities, either incorporated or unincorporated, having a total population of less than fifty thousand according to the latest decennial census and having common or related urban planning problems resulting from rapid urbanization."

Mr. HART. Mr. President, the amendment is designed to take care of the smaller cities, cities of 50,000 or less, in the States which at the present time do not have State planning agencies, in order that they may participate in urban planning funds. The amendment would authorize the Governor of a State to designate an existing State agency, provided that State agency is acceptable to the Administrator of the Federal fund.

There is no money complication, nor are there any interest rates involved, I will explain for the benefit of the Senator from Indiana.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Michigan.

The amendment to the amendment was agreed to.

Mr. CAPEHART. Mr. President, the record on Senate bill 57 is complete and it is very clear.

At this point, the bill is not in many respects satisfactory to me. Neither does it jibe with the recommendations which I have spread on the record.

But, much as I disagree with some of the provisions, I am happy that the bill has been somewhat improved through discussions in the Committee on Banking and Currency and on the Senate floor.

There are many good things in the bill. There are some features with which I simply cannot agree because I am one who believes that a major obligation of every Member of this body to the American people is to make every practical move within his power to maintain a balanced budget without hampering any of the really vital functions of the Government.

One of these functions, of course, is our housing program.

Frankly, I am not happy with the bill as it now stands. I am, on the other hand, convinced that when the House of Representatives has completed its action and the respective bills of the two Houses are considered in conference, the budget-balancing philosophy of this administration and of the American people will have prevailed.

For this reason, Mr. President, I am going to vote for Senate bill 57. In doing so, I wish the RECORD to show that I reserve the definite right to vote against the housing bill in its final form if it does not follow a sound fiscal policy and still assure the continuation of a housing program to meet the needs of the American people. That kind of bill is possible, as I have pointed out to Senators throughout this debate.

Mr. JOHNSON of Texas. Mr. President, have all the technical amendments been agreed to?

The PRESIDING OFFICER. They have.

Mr. JOHNSON of Texas. I yield 2 minutes to the distinguished Senator from Illinois.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

Mr. HOLLAND. Mr. President, I did not understand whether the Senate took action on the amendment offered by the Senator from Michigan.

The PRESIDING OFFICER. The amendment offered by the Senator from Michigan was agreed to.

The question is on the engrossment and third reading of the bill. There is a limitation of debate of 15 minutes on each side.

Mr. JOHNSON of Texas. I yield 2 minutes to the Senator from Illinois.

Mr. DIRKSEN. First, Mr. President, I announce to my colleagues on this side of the aisle that the meeting contemplated for 9:30 tomorrow morning will be held at 10:30 instead, because the hour is pretty late.

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

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

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

Mr. JOHNSON of Texas. Mr. President, I yield 2 minutes to the Senator from Illinois.

Mr. DIRKSEN. Mr. President, I am glad that the discussion of the bill went forward in the utmost of good spirit. It was a spirited debate at times, but there was gracious forbearance on both sides of the aisle.

I reassert the premise I stated on the first day of the discussion. I intend to vote against the bill. I believe that an administration which maintains a housing agency with nearly 11,000 people and gathers all the experience, background, and wisdom of that group to prepare a balanced, integrated bill, should have the measure adopted, and that the measure should not be departed from unless everything is pretty carefully considered. I think the administration bill was a good one. It failed in the vote on the substitute, and so I cannot accept the present bill.

It has been contended that we will make only a little hole in the budget dike, but one little hole will beget another. So it becomes an open invitation, once it is done, to exceed the budget estimates in other respects, and I do not care to go down that road.

I think the bill is adequate. Points have been made on the floor from time to time that it is an inadequate measure for the problems and the challenges which are presently before us. As I think about it, I think about the old

cowpoke who went into Nieman Marcus' store in Dallas, Tex. He looked around at all the fancy gadgetry. When the saleslady came up, she said, "Is there something I can show you?" He was rather shy and timid, but he said, "Lady, I ain't never seen so many things that I could do without."

I think the time has come for this country to do without a few things in the interest of a balanced budget, in order to keep these inflationary fevers dampened down. For that reason, I intend to vote against the bill. That is all I have to say, Mr. President.

SEVERAL SENATORS. Vote! Vote! Vote!

Mr. JOHNSON of Texas. Mr. President, I yield back the remainder of my time on condition that the minority do likewise.

Mr. DIRKSEN. Mr. President, our time is yielded back.

The PRESIDING OFFICER. All time has been yielded from both sides.

SEVERAL SENATORS. Vote! Vote! Vote!

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. MANSFIELD. I announce that the Senators from New Mexico [Mr. ANDERSON and Mr. CHAVEZ], the Senator from Louisiana [Mr. ELLENDER], the Senator from Montana [Mr. MURRAY], the Senator from Maine [Mr. MUSKIE], and the Senator from Wyoming [Mr. O'MAHONEY] 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 Senators from New Mexico [Mr. ANDERSON and Mr. CHAVEZ], the Senator from Louisiana [Mr. ELLENDER], the Senator from Montana [Mr. MURRAY], the Senator from Maine [Mr. MUSKIE], the Senator from Oregon [Mr. NEUBERGER] and the Senator from Wyoming [Mr. O'MAHONEY] would each vote "yea."

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

The Senator from California [Mr. KUCHEL] is necessarily absent.

The Senator from Wisconsin [Mr. WILEY] is detained on official business.

The result was announced—yeas 60, nays 28, as follows:

YEAS—60

Aiken	Hart	McCarthy
Allott	Hartke	McGee
Bartlett	Hayden	McNamara
Bible	Hennings	Monroney
Byrd, W. Va.	Hill	Morse
Cannon	Humphrey	Morton
Capehart	Jackson	Moss
Carroll	Javits	Pastore
Case, N.J.	Johnson, Tex.	Prouty
Church	Johnston, S.C.	Proxmire
Clark	Jordan	Randolph
Cooper	Keating	Scott
Dodd	Kefauver	Smathers
Douglas	Kennedy	Smith
Engle	Kerr	Sparkman
Frear	Langer	Symington
Fulbright	Lausche	Williams, N.J.
Gore	Long	Yarborough
Green	Magnuson	Young, N. Dak.
Gruening	Mansfield	Young, Ohio

NAYS—28

Bennett	Dworshak	Robertson
Bridges	Eastland	Russell
Bush	Ervin	Saltonstall
Butler	Goldwater	Schoeppel
Byrd, Va.	Hickenlooper	Stennis
Carlson	Holland	Talmadge
Case, S. Dak.	Hruska	Thurmond
Cotton	Martin	Williams, Del.
Curtis	McClellan	
Dirksen	Mundt	

NOT VOTING—10

Anderson	Kuchel	O'Mahoney
Beall	Murray	Wiley
Chavez	Muskie	
Ellender	Neuberger	

So the bill (S. 57) was passed.

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

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

The motion to lay on the table was agreed to.

Mr. SPARKMAN. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized and directed to make all necessary clerical and technical changes, including changes in section numbers and cross-references in the engrossed 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.

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

Mr. SPARKMAN. Mr. President, I ask unanimous consent that the bill, as passed by the Senate, be printed.

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

FEDERAL AIRPORT ACT

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 46, Senate bill 1.

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

The LEGISLATIVE CLERK. The bill (S. 1), 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.

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

The motion was agreed to, and the Senate proceeded to consider the bill.

HOUSE BILL ORDERED TO LIE ON THE TABLE

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, was read twice by its title and ordered to lie on the table.

ORDER FOR ADJOURNMENT TO 11 A.M. TOMORROW

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate adjourns today, it adjourn until 11 o'clock tomorrow.

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

Mr. JOHNSON of Texas. Mr. President, I wish to express my gratitude to the Senator from Alabama [Mr. SPARKMAN], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Indiana [Mr. CAPEHART], and the other members of the committee who worked so diligently and so long and so effectively to pass an effective housing bill in the Senate. I realize that many doubts had to be resolved. I realize that judgments did not always agree. However, as the result of many hours put in by this very able committee, we have tonight, by a more than 2 to 1 vote, passed a bill in the Senate which does not dot every "i" or cross every "t" or completely embrace each word of the President's plans as submitted by the Housing Commissioner.

However, if the administration's estimate is correct and if its prophesies are true, and if its statements are accurate, the budget for the next fiscal year will come within $35 million, under the administration's bill, of what this bill provides.

The bill must go to conference. I do not know what will come out of conference. I know some people would like to have everything their own way. I am one of them. However, legislation is a matter of give and take. We have made some concessions. We have adjusted our views. I am hopeful that in conference the House and Senate can reason together and come out with a bill which will be good for the country. I hope it it will be satisfactory to the administration.

It does not take much reasoning, it does not take much time, it does not take much effort to be against something. It takes a great deal of time and a great deal of effort and a great deal of work to produce something constructive. Whether we will be able to do that and get agreement with the Executive, no one knows.

However, we have done our best in the Senate, and the vote just cast in behalf of the bill shows that a substantial majority of the Members of the Senate believe it is the best bill that could be obtained. I believe that if the other body and the coequal branch of government spend as much time in attempting to meet our views as we have spent trying to meet theirs, we will ultimately have a bill which will benefit the Nation and which will build us some much needed housing.

I thank the Senators for their efforts, and express the hope that we may be able to conclude action on the airport bill tomorrow and then go over until next week. If we complete action on the airport bill tomorrow, we will take up some resolutions on the calendar which I anticipate will be noncontroversial. Then we will go over until next week. Then we do not expect to have any rollcalls before Monday, week. We will do our best to protect each Member in that regard. I wish to call attention to the fact that we will have a joint session on Lincoln's Birthday, so that all Senators may be on record.

Mr. FULBRIGHT. Mr. President, I wish to associate myself with the remarks of the Senator from Texas about the Senator from Alabama [Mr. SPARKMAN]. This is probably the last bill that will come out of the Committee on Banking and Currency while I am chairman of it. I wish again to express my appreciation for the fine job the Senator from Alabama has done in holding hearings on the bill and in guiding it through the Senate. There is no man in the Senate who knows as much about housing as does the Senator from Alabama. I agree with the Senator from Texas, the majority leader, in his remarks about the character of the bill. I think it is a good bill. I think the Senate is to be congratulated on it.

I also wish to express my appreciation to the majority leader for his assistance in getting the bill under way and in obtaining the cooperation of all the members of the committee and the Members of the Senate.

I think he has done excellent work and constructive work in having a bill passed so early in the session to meet the very dire needs which have arisen in various fields of housing.

Mr. SPARKMAN. Mr. President, first, I thank the Senator from Texas and the Senator from Arkansas for the very kind remarks they have made. It is most unusual to have a bill of this importance passed so early, not only in a new session, but in a new Congress. I cannot help feeling that every Senator is pleased that we have passed the bill so early. I am confident that had we waited until April or May, as has been the case in the past, we could not have passed a better bill than this.

I am confident that the bill will produce housing. I say to the majority leader, in keeping with what he said, that a careful examination of the bill will reveal that practically everything the administration asked for is in the bill. It may not be exactly as the administration asked for it in every case, but in substance what was asked for is in the bill.

The bill represents much more than most persons realize. It represents the cooperative effort of the legislative branch, so far as the Senate is concerned, and of the Housing and Home Finance Agency and its component bodies. It is a good measure. It will produce housing.

Mr. JOHNSON of Texas. I appreciate what the Senator from Alabama has said. I repeat: I am proud of the Senate; I am proud of the substantial majority of the Senate which was willing to go as far as it did in an attempt to meet the Executive more than halfway. I express the hope that he may be as considerate of our viewpoint as we have been of his.

Mr. DIRKSEN. Mr. President, I can compliment the distinguished Senator from Alabama. I know the complexities of the bill. I served on the Committee on Banking and Currency years ago. So I salute him for a job well done.

I do not quite share the optimism of the majority leader. As an example, by a voice vote, the Senate adopted an amendment submitted by the distinguished Senator from Pennsylvania [Mr. CLARK]. In going back and examining the text of the amendment, I discovered that an extra $150 million was made available if there were bona fide applications for so-called urban renewal. In the text of the bill itself as it came to the Senate there was at least some brake upon that item, because the bill required the determination of the Administrator and the approval of the President.

I think those safeguards were taken out of the language, if I have read the amendment correctly; so the only determinant for the $150 million is whether or not bona fide applications are pending. If that becomes the criterion—and the word "may" was stricken, and the word "shall" was introduced—and if it became necessary to do so, the bill will be very substantially out of line with the budget estimates.

I am not insensible of the complexities which are involved in this matter; but this action reinforces the statement I made earlier in the day that we are trifling with a contemplated budget balance. That is one road on which I do not want to venture, in view of the delicate situation which confronts the country at this time.

FARM FOLLY

Mr. SCOTT. Mr. President, Secretary of Agriculture Benson recently quoted some alarming figures on farm surpluses. He pointed out that by next July we will have more than $9 billion of surplus farm commodities in Government inventory and under loan. The cost of storage and interest on these Government stocks will be a fantastic $1 billion a year.

This certainly dramatizes the need to abandon outdated and ineffective price support and acreage control programs. Continuing these programs would only perpetuate the double taxation of the American consumer. The consumer pays in taxes for the purchase and storage of these commodities and then he pays again in the excessively high prices for these commodities in grocery stores and supermarkets.

These antiquated programs might be defensible if they were truly of assistance to farmers—all farmers. But farmers in my own State of Pennsylvania, for instance, find that rigid supports serve only to drive up the price of grain and feed for their cattle and poultry.

The program which this administration has consistently recommended has never been given a real chance to prove itself. It is for this reason that such emergency programs as the Soil Bank and special surplus disposal operations have been instituted.

It is my earnest hope that we can produce a body of agricultural legislation at this session which will eliminate the shackles on the farmer's efficiency and help him to help himself.

Mr. President, the Pittsburgh Post-Gazette on February 2, 1959, published an excellent, hard-hitting editorial entitled "Farm Folly." I ask unanimous consent that it be printed at this point in the RECORD.

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

FARM FOLLY

Uncle Sam will spend nearly $5½ billion in the year which ends next June 30 on programs to stabilize farm prices and farm income. That's a record high.

Uncle Sam will have by that date more than $9 billion tied up in surplus crops. That's a record high.

Uncle Sam will soon be spending more than $1 billion a year just to store and handle his crop surpluses. That's a record high.

Uncle Sam's farm policies have failed, are failing, and will, in the absence of drastic changes, continue to fail in serving the interests of Americans generally.

Present systems of Government price supports, being little related to the real market, encourage farmers to overproduce certain basic crops, like wheat and cotton. At the same time, modern technology makes it ever easier for farmers to produce more abundantly: almost 50 years ago, a man put in 106 hours of work to produce 100 bushels of wheat; today he puts in only 22 hours.

The farm problem—the problem of assuring farmers a fair and stable income, but of doing so without higher and higher cost to all the taxpayers—has many complexities and calls for many related answers. But one of them—not the only one—must surely be to link more realistically than now the production of basic crops to the needs of the market. That has been an aim of the Eisenhower administration and particularly of its Secretary of Agriculture, Mr. Benson.

That aim is implicit in much of the new proposals that the President and Mr. Benson have sent to Congress. They want, among other things, to scrap the present formula which in a way gears price supports to conditions of 1910–14. They want to gear price supports to average conditions over a period of 3 years prior to a current year, as has been recently adopted for corn. This would be accompanied by an end to such other controls as telling a farmer how many acres he can plant at most. If, however, Congress prefers to retain the old formula, then they ask that they be allowed to vary the level of supports to far lower, if need be, than the present floor of 75 percent of so-called parity.

There are mandatory price supports now for 12 of the 250 different kinds of U.S. farm products. Of that 12, 3—wheat, corn, and cotton—"account," in the President's words, "for about 85 percent of the Federal inventory of price-supported commodities though they only produce about 20 percent of the total cash farm income." Moreover, he points out, 90 percent of the Government outlays for price supports on wheat go to half the farms—the largest ones—that produce wheat.

If the general public were but one-tenth as interested in this topic as the larger wheat farmers, the President's new farm proposals would fare much better than they seem likely to in this Congress.

TRANSACTION OF ADDITIONAL ROUTINE BUSINESS

By unanimous consent, the following additional routine business was transacted:

APPOINTMENTS BY THE VICE PRESIDENT

The PRESIDING OFFICER (Mr. HART in the chair). The Chair, upon request of the Vice President, announces

the following appointments by him to fill existing vacancies:

Mr. CAPEHART, to be a member of the Lincoln Sesquicentennial Commission.

Mr. DIRKSEN and Mr. KEATING, to be members of the Joint Committee on Immigration and Nationality Policy.

Mr. CAPEHART, to be a member of the United States Territorial Expansion Memorial Commission.

Mr. FULBRIGHT, to be a member of the Board of Regents of the Smithsonian Institution.

Mr. CASE of South Dakota, to be a member of the National Forest Reservation Commission.

Mr. JAVITS, to be a member of the Franklin Delano Roosevelt Memorial Commission.

Mr. HRUSKA, to be a member of the Migratory Bird Conservation Commission.

Mr. WILLIAMS of Delaware, to be a member of the Joint Committee on Reduction of Nonessential Federal Expenditures.

EXECUTIVE REPORTS OF A COMMITTEE

As in executive session,

The following favorable reports of nominations were submitted:

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

Herbert Frank York, of California, to be Director of Defense Research Engineering.

Mr. CANNON. Mr. President, as in executive session, from the Committee on Armed Services I report favorably approximately 15,105 nominations for temporary and permanent appointment and promotion in the Navy, Marine Corps, and Air Force. Since these names have already appeared in the CONGRESSIONAL RECORD, to save the expense of printing on the Executive Calendar, I ask unanimous consent that they be ordered to lie on the Vice President's desk for the information of any Senator.

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

The nominations ordered to lie on the desk are as follows:

Col. Archie Higdon, for appointment as permanent professor of the U.S. Air Force Academy;

James P. Henry, and sundry other persons, for appointment in the Regular Air Force;

George A. Bennett, and sundry other officers, for promotion in the Regular Air Force; and

Francis L. Churchville, and sundry other officers, for permanent appointment in the Marine Corps; and

Henry W. Horst, and sundry other officers, for temporary appointment in the Marine Corps.

Mr. CANNON. Mr. President, I also report favorably the nominations of 22 major generals and 20 brigadier generals in the Air Force and 8 major generals and 16 brigadier generals in the Army, as well as 820 Army nominations in the grade of lieutenant colonel and below. I also report the nominations of 34 rear admirals in the Navy and 1 brigadier general in the Marine Corps. Included on this list are the names of Rear Adm. Rawson Bennett to continue as Chief of Naval Research for 2 years and of Rear Adm. B. W. Hogan to continue as Chief of Bureau of Medicine and Surgery for 2 years. I ask that these nominations be printed on the Executive Calendar.

The PRESIDING OFFICER. The nominations will be placed on the Executive Calendar.

The nominations placed on the Executive Calendar are as follows:

Brig. Gen. Marshall Stubbs, U.S. Army, for appointment as Chief Chemical Officer, U.S. Army, as major general in the Regular Army of the United States and as major general in the Army of the United States;

Maj. Gen. John Frederick Bohlender, Army of the United States (brigadier general, Medical Corps, U.S. Army), and sundry other officers, for appointment in the Regular Army of the United States;

Maj. Gen. Kenneth B. Hobson (brigadier general, Regular Air Force), U.S. Air Force, and sundry other officers, for appointment in the Regular Air Force;

Rear Adm. Rawson Bennett II, U.S. Navy, to be Chief of Naval Research in the Department of the Navy for a term of 2 years with the rank of rear admiral;

Rear Adm. Bartholomew W. Hogan, Medical Corps, U.S. Navy, to be Chief of the Bureau of Medicine and Surgery in the Department of the Navy; and

Charles B. Martell, and sundry other officers of the Navy, for permanent promotion to the grade of rear admiral.

ADDITIONAL BILLS INTRODUCED

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

By Mr. LANGER (for himself, Mr. YOUNG of North Dakota, Mr. MAGNUSON, Mr. MANSFIELD, Mr. KEFAUVER, Mr. CHAVEZ, Mr. MUNDT, Mr. CHURCH, Mr. JACKSON, Mr. MURRAY, Mr. BIBLE, Mr. KERR, Mr. HUMPHREY, Mr. ANDERSON, and Mr. MCGEE):

S. 953. A bill to provide economic assistance to the American Indians; to the Committee on Interior and Insular Affairs.

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

By Mr. BUTLER:

S. 954. A bill to authorize the Attorney General to permit certain alien crewmen to remain in the United States in excess of the 29-day period provided for under the Immigration and Nationality Act; to the Committee on the Judiciary.

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

By Mr. DIRKSEN (for himself, Mr. KEATING, Mr. SALTONSTALL, and Mr. JAVITS):

S. 955. A bill to amend chapter 73 of title 18, United States Code, with respect to obstruction of court orders;

S. 956. A bill to amend chapter 49 of title 18, United States Code, to punish flight to avoid prosecution for unlawful destruction of educational or religious structures; and

S. 957. A bill to provide for the retention and preservation of Federal election records and to authorize the Attorney General to compel the production of such records; to the Committee on the Judiciary.

S. 958. A bill to assist in meeting the costs of special professional services needed in carrying out public school desegregation programs, and for other purposes; and

S. 959. A bill to amend Public Laws 815 and 874, 81st Congress, to provide for the education of children of members of the Armed Forces in communities in which the public schools are closed; to the Committee on Labor and Public Welfare.

S. 960. A bill to amend the Civil Rights Act of 1957 to afford the Civil Rights Commission an additional 2 years within which to submit its final report, and for other purposes; to the Committee on the Judiciary.

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

ECONOMIC ASSISTANCE TO AMERICAN INDIANS

Mr. LANGER. Mr. President, as you know, for years I and many of my colleagues have been fighting for the betterment of the Indian people. We have introduced much legislation, some of which has passed and on some of which Congress has not yet taken affirmative action. One bill in which I have been most interested is a bill, S. 809 of the 85th Congress, which was cosponsored by 20 Senators, but which did not get out of the Senate Interior Committee. This bill is designed to have the Congress appropriate $20 million for the purpose of making loans or grants to Indian tribes so that they may encourage industry to operate a plant on or near their Indian reservations so that it may create jobs for the Indian people, and enable them to be gainfully employed all the year round and earn sufficient pay to take care of their families with the dignity that the average American family does.

Mr. President, there has been brought to my attention an essay written by Miss Mary Ann Chaconas, a student at Western High School, Washington, D.C., which won a nationwide contest, and is being published by the National Essay Association of Los Angeles, Calif., in the Annual Anthology of High School Essays. This essay is as follows:

WHO IS THE SAVAGE?

Movies of the Old West picture Indians as savages. In these films they go on merciless raids and provoke bloody massacres. Very few tell the truth.

Although they were friendly to the first white men, the Indians were later treated badly. They taught the white men how to plant corn and traded with them. However, the expanding population drove the Indians westward. At first they seldom fought, but when the little land they had left was invaded, and when their chief source of life, the buffalo, was killed for fun, they began to fight fiercely. They were excellent warriors but they fought back too late. As the Indians were defeated or signed treaties, white men gave them the pleasure of living on crowded reservations, usually consisting of poor land.

Who was the real savage?

Mr. President, on behalf of myself and a number of other Senators, I introduce, for appropriate reference, a bill to provide economic assistance to the American Indians.

Mr. President, this year, Congress will appropriate billions of dollars to take care of people outside of the United States of America. It is incumbent upon Congress, therefore, to appropriate $20 million to service properly the needs of the American Indians living on reservations throughout the United States. It is a fitting commentary that year after year we are failing to appropriate sufficient sums to care for these

native Americans as to their health, education, social welfare, employment, relocation, loans for housing, and chances to earn a decent income.

The U.S. Senate Subcommittee To Investigate Juvenile Delinquency has held hearings in four areas in North Dakota on or near the Standing Rock Indian Reservation, Fort Berthold Reservation, Turtle Mountain Reservation, and Fort Totten Indian Reservation. Hearings were also held in Phoenix, Ariz., and Palm Springs, Calif., which covered Indian reservations in New Mexico, Arizona, California, and parts of Colorado, Utah, and Nevada. Further hearings were held in Montana, affecting Indian tribes in Montana, Wyoming, and Idaho. Proposed hearings in Washington, Oregon, and Oklahoma had to be postponed. Hearings before the Senate Indian Affairs Subcommittee and conferences held by Glenn Emmons, Commissioner of Indian Affairs, also revealed much evidence of conditions on Indian reservations. During the course of these hearings, much evidence was received in the form of testimony, charts, schedules, and statistics pointing to the great needs and problems of the Indian people. A detailed report was submitted to the Congress on the findings and recommendations as a result of these hearings and other material gathered by the staff through research.

However, it is necessary to report briefly on health, education, welfare, relocation, law and order, poor living conditions, low incomes, and the need for employment which make it mandatory that this bill for $20 million to aid the economy of the Indians be seriously considered by the Congress of the United States.

HEALTH

In the field of health, we find that the Indians in practically every part of the country are suffering from chronic and contagious illnesses. Statistics show that the tuberculosis rate of the Indians is 121.1 per 100,000 as compared with 22.5 per 100,000 of the total population of the United States. The pneumonia and influenza death rate among Indians is 114.9 per 100,000 as compared with 31.3 per 100,000 of the total population. Further, it should be noted that there were 91.7 deaths of Indians under 1 year of age per 1,000 births, as compared with a rate of 31.5 per 1,000 live births of non-Indians. A survey of the Papago and Navaho Indians shows that the infant mortality rate in those 2 reservations was approximately 50 percent. The life expectancy of the American Indian is 17 years as compared with the national average of 69 years.

Among the greatest needs to improve the health conditions of the American Indian, naturally, are more money, hygienic facilities, and clinics. Dr. Shaw, of the Health Branch of the Bureau of Indian Affairs, has stated that in a recent program inaugurated in the State of Washington, astounding improvement was shown in the health of the Indians in that State. With comparable funds, amazing improvements can likewise be realized in the 25 remaining States which contain Indian reservations.

EDUCATION

Despite the fact that we in this country take great pride in our public school educational system, it is unbelieveable that on the Navaho Reservation in the 1952–53 school year, out of 28,000 children between the ages of 6 and 18, less than 6,000 attended school. With the passage of the Navaho-Hopi Rehabilitation Act, there are now 22,751 children between the ages of 6 and 18 in school, and the remaining number who are not in school are expected to enroll within the next year or so.

This is one perfect example of the achievement of remarkable results after Congress has acted to remedy a crying need, as it has done in its rehabilitation program for the Navaho and Hopi Tribes. Testimony taken on the Papago Reservation shows that 60 percent of the Papago Indians do not speak English. Statistics such as these are reflected on Indian reservations throughout the country.

WELFARE

One of the greatest needs on the Indian reservations is for expert community counselors and qualified welfare workers. Many State welfare departments are attempting to give service on reservations, but meager funds for this purpose result in a service which, where existent, is on a "too little and too late" basis. Special Federal appropriations for the development of additional child-welfare services in Indian reservations would, in the long run, save the still larger sums which will be required to pay the costs which will be involved in caring for neglected youngsters grown into adult liabilities of the community.

The Indian Bureau has pointed out that the child-welfare workers, in many instances, are unable to do any counseling whatsoever because of the limited staff, and the main duties performed are only the processing of applications for welfare.

RELOCATION

Much has been said of the advantages of the relocation of the American Indians from the overcrowded reservations to areas where they can obtain year-around employment and better housing. However, the program is grossly inadequate and the services rendered to the relocated families are ineffective because of the very small appropriation for such purposes. It is a known fact that since the relocation program has started there has been in the past years on the various Indian reservations so great an increase in the birthrate that the relocation program does not noticeably reduce the number remaining on the reservations.

Another great need in the relocation program is to assure the Indians who are relocated that they will receive the services which are provided for them on the reservation until they are able to adjust themselves to their new environment. This would greatly reduce the number—30 percent—who return to the reservations because of the lack of these services outside the reservations.

LAW AND ORDER

One of the biggest problems on the Indian reservation is that of effective law and order. In a recent congressional report on Indian affairs a very pertinent observation was made on law and order which gives a clear picture of the situation on any Indian reservation. The need for adequate law and protection is urgent. Although the tribes are making a commendable effort to cope with the situation, much still remains to be done. The existing conditions contribute to lawlessness, a breakdown of morals and morale, and an increase in delinquency, which becomes a great burden upon the people.

In 1951 the Indian Bureau requested of Congress and the Budget Bureau an appropriation of $1,400,000 for its law-and-order program. It was cut down to approximately $350,000. Imagine a law-enforcement program being cut down to approximately one-fourth of what it asks for. Imagine Washington, D.C., having a police force reduced by 75 percent in the face of increased need for protection. What could we expect here? Testimony from police officer, Pat Nelson, on the Navaho Indian Reservation revealed that the reservation needs 38 additional police officers, plus 20 additional vehicles to transport them over the 25,000 square miles they are supposed to cover.

In North Dakota we found the same crying need for law-enforcement services. In a hearing before the subcommittee it was testified that one officer takes care of all Indian reservations in Montana and a part of Wyoming. The testimony also divulged that because of the insufficient funds for personnel and facilities, only the more serious offenses can be dealt with.

POOR LIVING CONDITIONS AND LOW INCOMES

Testimony adduced before the Juvenile Delinquency Subcommittee in North Dakota, Arizona, California, and Montana pointed to the primitive living conditions under which the Indians live. Imagine a mother, father, and 13 chilren living in a one-room cottage with no flooring, no utilities, no water, and no sanitation.

It took only a little money appropriated by Congress in 1954 for the Ute Mountain and Southern Ute Tribes to make it possible for the Utes, in the southwestern corner of Colorado, to construct model three-bedroom bungalows for all the families. These homes are comparable to the fine homes that the average American workingman lives in. This is another indication of what an adequate appropriation from Congress can do for the betterment of the living condition of the American Indians.

LIVING CONDITIONS

The low-income level of the Indians is reflected in statistics which show that some Indian families receive an annual income, from all sources, of as low as $400 a family a year. Families receiving $1,200 or more are in the minority. In comparable areas the non-Indian family's income is usually $2,500 or more a year.

Certain Indian reservations have been fortunate, through Government and private activities, to be located near industries which afford year-round jobs for the Indian people. An extension of such a program is greatly needed to raise the

income level of the average Indian family.

At a meeting called jointly by the junior Senator from North Dakota [Mr. YOUNG] and myself on January 7, 1957, in my office, Senators and Members of the House of Representatives from 11 States met with representatives of the Department of Defense, Office of Defense Mobilization, Department of Interior, Department of Commerce, and two Senate subcommittees. There were two primary subjects of discussion: First, a plan to bring more industrial plants to or near the various Indian reservations in the United States; and second, to urge the continuing operation of the Turtle Mountain ordnance plant at Rolla, N. Dak., which hires almost exclusively Indian skilled labor in the production of jewel bearings for defense and other purposes.

After fully discussing both of these issues for almost 3 hours, in summary these points were reached: First, the Indian people have proven themselves as capable and industrious, and have an excellent record of average daily attendance on the job. It was pointed out that at the Rolla jewel-bearing plant in North Dakota, the turnover of employees was only 3 percent, whereas in a similar plant in Massachusetts, employing non-Indian labor, the turnover of employees was 100 percent; second, the Indian people, contrary to some public belief, have adapted themselves to a special type of skilled labor; third, industrial plants have now been established on or near Indian reservations in Rolla, N. Dak.; Gallup, N. Mex.; Flagstaff, Ariz.; Cherokee, N.C.; Lame Deer, Mont.; Casa Grande, Ariz.; and Zuni, N. Mex. There are also under consideration plants in Oklahoma and Wyoming, and in the area in close proximity to the borders of Washington, Oregon, and Idaho on the McNary site; fourth, it was pointed out that many Indian reservations have the facilities for industrial power availability of water, including the use of power, transportation, available sites for expansion, and a stable source of labor supply; fifth, the Indian leaders on all Indian reservations have expressed the desire for industrial plants to be brought onto or near the Indian reservations to stabilize the economy of the Indian people. This not only will provide salaries for workers, but will aid other factors in the stabilizing of the economy of these communities. At the same time it will permit Indians to obtain jobs near their reservations and near their families and cultures, rather than force them to go to large cities away from their families and traditions. This is especially significant, since the relocation program cannot possibly absorb enough Indians to stabilize the economy of the Indian people living on the Indian reservations; and, sixth, the Indian people through their leaders have expressed the desire to provide for themselves and their children by obtaining stable and gainful employment, so that they may become self-sustaining, and not have to depend, any more than is necessary, on the services accorded by the Federal and State Governments. Not only will they be more self-sustaining economically, but it will further establish in them the strong family and community pride that has always been a part of the Indian people.

Summarizing the views on the reasons for continuing the Rolla plant, other than those expressed above, it was pointed out: First, that more than 50 million jewel bearings are needed to accommodate the defense needs of this country; second, that only approximately 3,600,000 jewel bearings are in storage at this time; third, that the Rolla plant is the only available source of jewel bearings in this country; fourth, that Russia produces more than 200 million jewel bearings each year, and is not dependent upon outside sources for jewel bearings; fifth, that Switzerland, which is, and has been, a source of supply of jewel bearings to the United States, in the event of war may be stopped in some fashion by Russia from either the production or the distribution of jewel bearings for the use of the United States; sixth, that without question jewel bearings are an essential ingredient of almost all phases of our defense activities, whether in the production of missiles, equipment, or transportation facilities; and, seventh, that the differential in cost and the quantity of production has reached the point where it is feasible to continue production at Rolla.

Mr. President, the passage of this bill will be one of the most significant steps taken by Congress to date in the administration of Indian affairs. The signatures of the distinguished Senators cosponsoring the bill are evidence of its importance to the welfare of our Indian citizens.

I ask unanimous consent that the text of the bill, together with the names of its sponsors, be printed at this point in the RECORD as a part of my remarks, and that the bill lie on the table for 4 days so that other Senators may cosponsor it if they so desire.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD and will lie on the desk for 4 days.

The bill (S. 953) to provide economic assistance to the American Indians, introduced by Mr. LANGER (for himself, Mr. YOUNG of North Dakota, Mr. MAGNUSON, Mr. MANSFIELD, Mr. KEFAUVER, Mr. CHAVEZ, Mr. MUNDT, Mr. CHURCH, Mr. JACKSON, Mr. MURRAY, Mr. BIBLE, Mr. KERR, Mr. HUMPHREY, Mr. ANDERSON, and Mr. MCGEE), was received, read twice by its title, referred to the Committee on Interior and Insular Affairs, 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 it is the purpose of this Act to provide programs of assistance to the American Indian tribes and their members in the establishment upon Indian reservations of industries and other activities which will provide employment and otherwise improve the economic status of such Indians, and to provide programs for encouraging the establishment by private enterprise of industries and other activities on or near Indian reservations which will provide employment and otherwise improve the economic status of the Indians residing upon such reservation.

SEC. 2. (a) The Secretary of the Interior (hereinafter referred to as "the Secretary") is authorized to formulate and carry out programs designed to carry out the purposes of this Act. In carrying out such programs the Secretary is authorized—

(1) to make loans or grants to Indian tribes for the establishment of tribal enterprises or activities designed to carry out the purposes of this Act;

(2) to make or guarantee loans to individual Indians for the establishment by such individual Indians of enterprises or activities which, in the opinion of the Secretary, will aid in carrying out the purposes of this Act;

(3) to make or guarantee loans to non-Indians for the establishment or expansion of enterprises or activities which, in the opinion of the Secretary, will aid in carrying out the purposes of this Act;

(4) to furnish to Indian tribes or to individual Indians technical information and assistance necessary to enable them to establish and operate enterprises and activities designed to carry out the purposes of this Act.

(b) Loans and grants under this act shall be made upon such reasonable terms and conditions as the Congress shall approve upon recommendation by the Secretary including, in the case of loans to non-Indians, such assurances as may be necessary to guarantee preferred employment will be given to Indians in the operation of enterprises and activities established or expanded through loans made under this Act.

SEC. 3. The Secretary shall transmit to the Congress during the month of January in each year a complete report of his activities under this Act during the preceding calendar year.

SEC. 4. There is hereby authorized to be appropriated the sum of $20,000,000 to be available until expended for carrying out the provisions of this Act.

PERMISSION FOR CERTAIN ALIEN CREWMEN TO REMAIN IN THE UNITED STATES IN EXCESS OF 29 DAYS

Mr. BUTLER. Mr. President, I introduce, for appropriate reference, a bill to amend the Immigration and Nationality Act, permitting foreign shipowners to retain a minimum number of crew members aboard their vessels laid up in American ports.

Under present law, foreign crews may not remain in the United States more than 29 days; consequently, foreign owners who desire to keep certain essential members of their crews aboard at all times are disinclined to use American ports for periods of layup and repair. Therefore, American shipyards are being deprived of substantial revenue which would otherwise flow to them as a result of necessary repairs and upkeep of foreign flag vessels laid up in U.S. ports. This proposed legislation would have a salutary effect upon private shipyards throughout our Nation. As an example, the port of Baltimore is ideal for the layup of ships because of its natural protection from severe weather. Our ship-repair facilities are excellent and have an international reputation. Furthermore, a number of foreign shipowners have expressed a strong desire to take advantage of these ship-repair facilities but for the present U.S. laws prohibiting the retention of essential crew members on board their ships in excess of 29 days.

Enactment of this proposal would benefit all American ports. Furthermore, it would have no adverse effect upon the enforcement of our immigration and customs laws. When one considers that every time a ship is idle for any appreciable period, it requires from $75,000 to $200,000 in ship repairs and maintenance to return it to active service, a technicality of our immigration laws should not deprive our American ship-repair yards and, more generally, the economies of our American ports of this additional income.

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

The bill (S. 954) to authorize the Attorney General to permit certain alien crewmen to remain in the United States in excess of the 29-day period provided for under the Immigration and Nationality Act; to the Committee on the Judiciary.

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

PROPOSED CIVIL RIGHTS LEGISLATION

Mr. DIRKSEN. Mr. President, the President's message on civil rights was presented to the Senate today. In pursuance of the objectives set out by the President, on behalf of myself, the junior Senator from New York [Mr. KEATING], the Senator from Massachusetts [Mr. SALTONSTALL], and the senior Senator from New York [Mr. JAVITS], I introduce, for appropriate reference, 6 of the 7 bills to implement 6 of the points made in the message. The other bill was introduced earlier today by the Senator from Arizona [Mr. GOLDWATER].

I should like to have the bills lie on the desk for an indefinite period, inasmuch as many Members of the Senate will be away next week. I prefer to submit the bills and leave them open for signature, for whoever may wish to affix his name.

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

Mr. DIRKSEN. I yield.

Mr. LANGER. As the ranking Republican member of the Subcommittee on Constitutional Rights of the Committee on the Judiciary, I inform my distinguished friend that the Subcommittee on Constitutional Rights has stated it would not have hearings until 6 weeks after bills were submitted to the committee.

Mr. DIRKSEN. Yes.

Mr. LANGER. Therefore, since the Senator has mentioned an indefinite period, I state that the longer the bills are on the desk the longer will be the delay in having a hearing.

Mr. DIRKSEN. Mr. President, I wish to say to my friend from North Dakota, it is assumed we may finish the so-called Federal-aid airport bill tomorrow. Then comes Lincoln Week, and a good many Members will be away. Whether the Members will have an opportunity to subscribe to the bills remains to be seen. Not much could be accomplished next week. When I referred to an indefinite period, I certainly did not intend to go beyond next week.

Mr. LANGER. I simply wanted to have the Senator understand.

Mr. DIRKSEN. I understand. There is no disposition on my part to delay. I am simply taking into consideration the reality of the situation which confronts us.

The PRESIDING OFFICER. In order that Senators may understand, is it correct to state the Senator is asking that the bills lie on the desk 1 week?

Mr. DIRKSEN. Mr. President, to make it definite, I ask unanimous consent that the bills lie on the desk for 1 week, in the interest of certainty.

The PRESIDING OFFICER. The bills will be received and appropriately referred; and, without objection, the bills will lie on the desk 1 week.

The bills, introduced by Mr. DIRKSEN (for himself, Mr. KEATING, Mr. SALTONSTALL, and Mr. JAVITS), were received, read twice by their titles, and referred as indicated:

To the Committee on the Judiciary:

S. 955. A bill to amend chapter 73 of title 18, United States Code, with respect to obstruction of court orders;

S. 956. A bill to amend chapter 49 of title 18, United States Code, to punish flight to avoid prosecution for unlawful destruction of educational or religious structures;

S. 957. A bill to provide for the retention and preservation of Federal election records and to authorize the Attorney General to compel the production of such records; and

S. 960. A bill to amend the Civil Rights Act of 1957 to afford the Civil Rights Commission an additional 2 years within which to submit its final report, and for other purposes.

To the Committee on Labor and Public Welfare:

S. 958. A bill to assist in meeting the costs of special professional services needed in carrying out public school desegregation programs, and for other purposes; and

S. 959. A bill to amend Public Laws 815 and 874, 81st Congress, to provide for the education of children of members of the Armed Forces in communities in which the public schools are closed.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the bills just introduced by me may be printed in the RECORD.

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

The bills are as follows:

S. 955

A bill to amend chapter 73 of title 18, United States Code, with respect to obstruction of court orders

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That chapter 73 of title 18, United States Code, is amended by adding at the end thereof a new section as follows:

§ 1509. Obstruction of certain court orders.

"Whoever corruptly, or by threats or force, or by any threatening letter or communication, willfully prevents, obstructs, impedes or interferes with or willfully endeavors to prevent, obstruct, impede or interfere with the due exercise of rights or the performance of duties under any order, judgment, or decree of a court of the United States which (1) directs that any person or class of persons shall be admitted to any school, or (2) directs that any person or class of persons shall not be denied admission to any school because of race or color, or (3) approves any plan of any State or local agency the effect of which is or will be to permit any person or class of persons to be admitted to any school, shall be fined not more than $10,000 or imprisoned not more than two years, or both.

"No injunctive or other civil relief against the conduct made criminal by this section shall be denied on the ground that such conduct is a crime.

"This section shall not apply to an act of a student, officer or employee of a school if such act is done pursuant to the direction of, or is subject to disciplinary action by, an officer of such school."

SEC. 2. The analysis of chapter 73 of such title is amended by adding at the end thereof the following:

"1509. Obstruction of certain court orders."

S. 956

A bill to amend chapter 49 of title 18, United States Code, to punish flight to avoid prosecution for unlawful destruction of educational or religious stuctures

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That chapter 49 of title 18, United States Code, is amended by adding at the end thereof a new section as follows:

§ 1074. Flight to avoid prosecution for destruction of educational or religious structures.

Whoever moves or travels in interstate or foreign commerce with intent either (1) to avoid prosecution, or custody, or confinement after conviction, under the laws of the place from which he flees, for willfully damaging or destroying or attempting to damage or destroy by fire or explosive any building, structure, facility, or vehicle, if such building, structure, facility, or vehicle is used primarily for religious purposes or for the purposes of public or private primary, secondary, or higher education, or (2) to avoid giving testimony in any criminal proceeding relating to any such offense—shall be fined not more than $5,000 or imprisoned not more than five years, or both.

Violations of this section may be prosecuted in the Federal judicial district in which the original crime was alleged to have been committed or in which the person was held in custody or confinement or in the Federal judicial district in which the person is apprehended.

SEC. 2. The analysis of chapter 49 of such title is amended by adding thereto the following:

"1074. Flight to avoid prosecution for destruction of educational or religious structures."

S. 957

A bill to provide for the retention and preservation of Federal election records and to authorize the Attorney General to compel the production of such records

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That every officer of election shall retain and preserve, for a period of three years from the date of any general, special, or primary election at which candidates for the office of President, Vice President, presidential elector, Member of the Senate or Member of the House of Representatives are voted for, all records and papers which come into his possession relating to any application, registration, payment of poll tax or other Act requisite to voting in such election, except that, when required by law, such records and papers may be delivered to another officer of election and except that if a State designates a custodian to retain and preserve these records and papers at a specified place, then such records

and papers may be deposited with such custodian, and the duty to retain and preserve any record or paper so deposited shall devolve upon such custodian. Any officer of election or custodian who willfully fails to comply with this section shall be fined not more than $1,000 or imprisoned not more than one year, or both.

SEC. 2. Any person, whether or not an officer of election or custodian, who willfully steals, destroys, conceals, mutilates or alters any record or paper required by section 1 to be retained and preserved shall be fined not more than $5,000 or imprisoned not more than five years, or both.

SEC. 3. Any record or paper required by section 1 to be retained and preserved shall, upon demand in writing by the Attorney General or his representative directed to the person having custody, possession, or control of such record or paper, be made available for inspection, reproduction, and copying by the Attorney General or his representative.

SEC. 4. Any record or paper demanded pursuant to section 3 shall be produced for inspection, reproduction, and copying at the principal office of the person upon whom such demand is made or at an office of the United States attorney in the district in which such records or papers are located.

SEC. 5. Unless otherwise ordered by a court of the United States, neither the Attorney General nor any employee of the Department of Justice, nor any other representative of the Attorney General, shall disclose any record or paper produced pursuant to this Act, or any reproduction or copy, except as is necessary in the performance of his official duties, including presentation of any case or proceeding before any court or grand jury.

SEC. 6. The United States district court for the district in which a demand is made pursuant to section 3, or in which a record or paper so demanded is located, shall have jurisdiction by appropriate process to compel the production of such record or paper.

SEC. 7. As used in this Act, the term "officer of election" means any person who, under color of any Federal, State or local law, statute, ordinance, regulation, authority, custom or usage, performs or is authorized to perform any function, duty or task in connection with any application, registration, payment of poll tax or other act requisite to voting in any general, special or primary election at which candidates for the office of President, Vice President, presidential elector, Member of the Senate or Member of the House of Representatives are voted for.

S. 958

A bill to assist in meeting the costs of special professional services needed in carrying out public school desegregation programs, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the Congress recognizes that (1) prior to May 17, 1954, the Constitution of the United States had been interpreted as permitting public schools to be segregated on racial grounds provided such schools afforded equal educational opportunities; (2) on May 17, 1954, the Supreme Court of the United States ruled that under the fourteenth amendment to the Constitution segregated education is inherently unequal; (3) the Constitution as interpreted by the Supreme Court of the United States is the supreme law of the land; (4) State and local governments and agencies which had relied upon the separate-but-equal doctrine are now obligated to take steps toward the elimination of segregation in their public schools; and (5) many of these governments and agencies are faced with serious financial and educational problems in making the necessary adjustments in their existing school systems.

(b) It is therefore the intent of Congress and the purpose of this Act to assist State and local governments and agencies in carrying out their constitutional obligations by sharing certain of the additional expenditures directly occasioned by desegregation programs and by providing information and technical assistance in connection therewith.

AUTHORIZATION OF APPROPRIATIONS

SEC. 2. (a) For the purpose of assisting State and local educational agencies which, on May 17, 1954, maintained segregated public schools to effectuate desegregation in such schools in a manner consistent with pertinent Federal court decisions, there are hereby authorized to be appropriated for each fiscal year such sums as the Congress may determine.

(b) Appropriations under this section shall be available for grants to help finance:

(1) costs incurred by local educational agencies in the provision of supervisory or administrative services, pupil-placement, school-social-worker, or visiting-teacher services, and other special, nonteaching, professional services, the need for which is occasioned by the desegregation of their public schools, and

(2) costs incurred by State agencies in developing and carrying out State policies and programs for desegregation in public schools, including technical assistance to local educational agencies in connection therewith.

ALLOTMENTS AND PAYMENTS TO STATES

SEC. 3. (a) The Commissioner of Education (hereinafter called the "Commissioner") shall for each fiscal year allot to each State, from the sums appropriated pursuant to section 2 for such year, an amount which bears the same ratio to such sums (or to such larger sum as may be specified in the Act making the appropriation) as the number of students who attended segregated public schools in such State during the school year 1953–1954, bears to the number of students who attended such schools during such year in all the States. The number of students who attended segregated public schools in each State during the school year 1953–54 shall be estimated by the Commissioner on the basis of the best available data on the average daily attendance of local educational agencies during such school year.

(b) From a State's allotment under subsection (a) for a fiscal year, the Commissioner shall, except as otherwise provided in section 5, pay to such State an amount equal to one-half of the expenditures of local educational agencies in carrying out the purposes specified in section 2(b)(1) under applications approved by the State agency (designated as provided in section 4(a)(1)) pursuant to the State plan approved under section 4, and one-half of the expenditures of such State agency in carrying out the purposes specified in section 2(b)(2) under such plan, including its expenditures in administering the State plan. Payments under this section (and section 5) shall be made from time to time by the Commissioner on the basis of estimates of amounts to be expended in a quarter or other period or periods determined by him, with necessary adjustments on account of any overpayment or underpayment for any prior period or periods.

STATE PLANS

SEC. 4. (a) A State plan shall be approved by the Commissioner for purposes of this Act if such plan—

(1) designates the State educational agency to administer or supervise the administration of the plan, or designates another single agency of the State for such purpose and in such case provides methods for effective coordination between such agency and the State educational agency;

(2) sets forth the methods and criteria for approving applications of local educational agencies for funds under this Act, and describes the activities to be carried on by the State agency with the aid of funds under this Act;

(3) provides such accounting, budgeting, and other fiscal methods and procedures as are necessary for the proper and efficient administration of the State plan;

(4) provides that the State agency will make such reports to the Commissioner, in such form and containing such information, as are reasonably necessary to enable the Commissioner to assure expenditure of grants under this Act solely for the purposes for which made and otherwise to perform his functions under this Act.

(b) Whenever the Commissioner, after reasonable notice and opportunity for hearing to the State agency administering or supervising administration of the State plan approved under subsection (a), finds that—

(1) the State plan has been so changed that it no longer complies with any of the requirements of subsection (a), or

(2) in the administration of the plan there is a failure to comply substantially with any such requirement, the Commissioner shall notify such State agency that no further payments will be made to the State under this Act (or, in his discretion, that further payments to the State will be limited to parts of or programs under the plan not affected by such failure), until he is satisfied that there will no longer be any failure to comply. Until he is so satisfied, the Commissioner shall make no further payments to such State under this Act (or shall limit payments to parts of or programs under the State plan not affected by such failure).

LOCAL AGENCY APPLICATIONS

SEC. 5. If the Commissioner determines, with respect to any State for which an allotment has been made under section 3(a) for any fiscal year, that such State will not for such year submit and have approved a State plan under section 4, and either (a) that such State has consented to the making of applications by local educational agencies pursuant to this section, or (b) that such State has indicated that it assumes no responsibility with respect to the desegregation of public schools, the Commissioner shall, notwithstanding the provisions of section 3(b), pay to local educational agencies, with applications approved by him under this section, one-half of the expenditures of such agencies during such year in carrying out the purposes of section 2(b)(1), but such payments may not exceed, in the aggregate, the State's allotment for such year. The Commissioner shall by regulation prescribe criteria and procedures, for approval and withdrawal of approval of applications under this section, which will, in his judgment, best effectuate the purposes of this Act.

DEFINITIONS

SEC. 6. For purposes of this Act—

(1) The term "public school" means a public school which provides elementary or secondary education, as determined under State law, but does not include a school of any agency of the United States.

(2) The term "segregated public school" means a public school to which students on May 17, 1954, could not, under the constitution or laws of the State in which such schools are located or under ordinances or rulings of the appropriate local educational agency pursuant to such constitution or laws, be admitted without regard to race or color.

(3) The term "State educational agency" means the State board of education or other agency or officer primarily responsible for the State supervision of public schools, or, if there is no such officer or agency, an officer or agency designated by the Governor or by State law.

(4) The term "local educational agency" means a board of education or other legally constituted local school authority having administrative control and direction of free public education in a city, county, township, school district, or political subdivision in a State; and includes any State agency which directly operates and maintains public schools.

FEDERAL ADMINISTRATION

SEC. 7. (a) The Commissioner shall collect and disseminate such information on the progress of desegregation in the public schools in the several States as may be useful to education and other public officials, agencies, and organizations in effecting desegregation in such schools.

(b) The Commissioner shall, upon request, provide information and technical assistance to State or local officials, which will aid them in developing plans and programs for effecting desegregation in public schools, and, upon request of such officials, shall initiate or participate in conferences dealing with the educational aspects of problems arising in connection with efforts to comply with applicable court desegregation decisions or decrees.

(c) The Commissioner may delegate to any officer or employee of the Office of Education any of his powers and duties under this Act, except the promulgation of regulations.

(d) No appropriations may be made pursuant to section 2 for any fiscal year ending after June 30, 1961. Prior to the close of January 1961, the Secretary of Health, Education, and Welfare shall submit to the Congress a full report of the administration of this Act, together with his recommendations as to whether it should be extended and as to any modification of its provisions he deems appropriate.

(e) There are hereby authorized to be appropriated such sums as may be necessary to administer the provisions of this Act.

S. 959

A bill to amend Public Laws 815 and 874, 81st Congress, to provide for the education of children of members of the Armed Forces in communities in which the public schools are closed

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subsection (a) of section 6 of the Act of September 30, 1950 (Public Law 874, 81st Congress), relating to arrangements for the provision of free public education for children residing on Federal property where local educational agencies are unable to provide such education, is amended by inserting after the first sentence the following new sentence: "Such arrangements to provide free public education may also be made for children of members of the Armed Forces on active duty, if the schools in which free public education is usually provided for such children are made unavailable to them as a result of official action by State or local governmental authority and it is the judgment of the Commissioner, after he has consulted with the appropriate State educational agency, that no local educational agency is able to provide suitable free public education for such children."

(b) (1) The first sentence of subsection (d) of such section 6 is amended by adding before the period at the end thereof: "or, in the case of children to whom the second sentence of subsection (a) applies, with the head of any Federal department or agency having jurisdiction over the parents of some or all of such children."

(2) The second sentence of such subsection (d) is amended by striking out "Arrangements" and inserting in lieu thereof "Except where the Commissioner makes arrangements pursuant to the second sentence of subsection (a), arrangements".

SEC. 2. (a) Section 6(b)(1) of the Act of September 23, 1950 (Public Law 815, 81st Cong.), relating to applications for school construction projects with respect to which Federal aid is requested, is amended by striking out "and" at the end of clause (F), by striking out the period at the end of clause (G) and inserting in lieu thereof "; and", and by adding after clause (G) the following new clause:

"(H) assurance that such agency will make the school facilities included in any such project, the application for which is approved after enactment of this clause, available to the Commissioner pursuant to section 10(b)."

(b) Section 10 of such Act, relating to arrangements for facilities for the provision of free public education for children residing on Federal property where local educational agencies are unable to provide such education, is amended by inserting after the first sentence the following new sentence: "Such arrangements may also be made to provide, on a temporary basis, minimum school facilities for children of members of the Armed Forces on active duty, if the schools in which free public education is usually provided for such children are made unavailable to them as a result of official action by State or local governmental authority and it is the judgment of the Commissioner, after he has consulted with the appropriate State educational agency, that no local educational agency is able to provide suitable free public education for such children."

(c) Section 10 of such Act is further amended by inserting "(a)" after "SEC. 10." and by adding at the end thereof the following new subsection:

"(b) Whenever the Commissioner determines that—

"(1) any school facilities with respect to which payments were made under section 7 of this Act pursuant to an application approved under section 6 after the enactment of this subsection are not being used by a local educational agency for the provision of free public education, and

"(2) such facilities are needed in the provision of minimum facilities under subsection (a),

he shall notify such agency of such determination and shall thereupon be entitled to possession of such facilities for purposes of subsection (a), on such terms and conditions as may be prescribed in regulations of the Commissioner. Such regulations shall include provision for payment of rental in an amount which bears the same relationship to what, in the judgment of the Commissioner, is a reasonable rental for such facilities as the non-Federal share of the cost of construction of such facilities bore to the total cost of construction thereof (including the cost of land and off-site improvements), adjusted to take into consideration the depreciation in the value of the facilities and such other factors as the Commissioner deems relevant. Upon application by the local educational agency for the school district in which such facilities are situated and determination by the Commissioner that such agency is able and willing to provide suitable free public education for the children in the school district of such agency to whom section 10 is applicable or upon determination by the Commissioner that such facilities are no longer needed for purposes of subsection (a), possession of the facilities shall be returned to such agency. Such return shall be effected at such time as, in the judgment of the Commissioner, will be in the best interest of the children who are receiving free public education in such facilities, and in the light of the objectives of this Act and the commitments made to personnel employed in connection with operation of such facilities pursuant to arrangements made by the Commissioner."

S. 960

A bill to amend the Civil Rights Act of 1957 to afford the Civil Rights Commission an additional two years within which to submit its final report, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 104(b) of the Civil Rights Act of 1957 (71 Stat. 635; 42 U.S.C. Supp. V 1975c(b)) is amended to read as follows:

"(b) The Commission shall submit an interim report to the President and to the Congress not later than September 1, 1959, and at such other times as either the Commission or the President shall deem desirable. It shall submit to the President and to the Congress a final and comprehensive report of its activities, findings, and recommendations not later than four years from the date of enactment of this Act."

DISAPPROVAL OF ITEMS IN GENERAL APPROPRIATION BILLS—ADDITIONAL COSPONSOR OF JOINT RESOLUTION

Mr. KEATING. Mr. President, on February 3, 1959, I introduced the joint resolution (S.J. Res. 44) proposing an amendment to the Constitution of the United States relative to disapproval of items in general appropriation bills. I ask unanimous consent that the name of the Senator from Nebraska [Mr. CURTIS] may be added as a cosponsor of the joint resolution when it is next printed.

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

ADJOURNMENT TO 11 A.M. TOMORROW

Mr. JOHNSON of Texas. Mr. President, pursuant to the order previously entered, I move that the Senate adjourn until 11 o'clock tomorrow morning.

The motion was agreed to; and (at 10 o'clock and 52 minutes p.m.) the Senate adjourned, the adjournment being, under the order previously entered, until tomorrow, Friday, February 6, 1959, at 11 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate February 5, 1959:

(*Indicates ad interim appointment issued.)

Having designated, under the provisions of title 10, United States Code, section 5231, the following-named officer for commands and other duties determined by the President to be within the contemplation of said section, I nominate him for appointment to the grade of admiral while so serving:

Vice Adm. Robert L. Dennison, U.S. Navy.

Having designated, under the provisions of title 10, United States Code, section 5231,

the following-named officers for commands and other duties determined by the President to be within the contemplation of said section, I nominate them for appointment to the grade of vice admiral while so serving:

*Vice Adm. George C. Towner, U.S. Navy.
*Vice Adm. Hyman G. Rickover, U.S. Navy.

Rear Adm. William R. Smedberg III, U.S. Navy.

Adm. James L. Holloway, Jr., U.S. Navy, for appointment to the grade of admiral on the retired list pursuant to title 10, United States Code, section 5233.

Adm. Byron H. Hanlon, U.S. Navy, retired, for appointment to the grade of vice admiral on the retired list pursuant to title 10, United States Code, section 5233.

HOUSE OF REPRESENTATIVES

THURSDAY, FEBRUARY 5, 1959

The House met at 12 o'clock noon.

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

Jeremiah 33: 2–3: *Thus saith the Lord, call unto Me and I will answer thee and show thee great and mighty things which thou knowest not.*

Almighty God, who art the inspiration of our loftiest aspirations, may we determine to bring them to fulfillment and fruition.

Grant that the ideals and principles of the lowly Man of Galilee may have the place of preeminence in all our national and international affairs.

Enlarge our faith; guide us by Thy divine counsel; give us those desires which Thou dost delight to satisfy; establish within us those loyalties and integrities which cannot be shaken.

Hear us in Christ's name. Amen.

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

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Ratchford, one of his secretaries.

BOARD OF VISITORS TO U.S. MERCHANT MARINE ACADEMY

The SPEAKER laid before the House the following communication:

HOUSE OF REPRESENTATIVES, U.S.,
COMMITTEE ON MERCHANT MARINE AND FISHERIES,
Washington, D.C., January 31, 1959.

Hon. SAM RAYBURN,
Speaker of the House of Representatives,
U.S. Capitol Building,
Washington, D.C.

DEAR MR. SPEAKER: Pursuant to Public Law 301 of the 78th Congress, I have appointed the following members of the Committee on Merchant Marine and Fisheries to serve as members of the Board of Visitors to the U.S. Merchant Marine Academy in 1959: Hon. HERBERT ZELENKO, New York; Hon. THOMAS N. DOWNING, Virginia; Hon. JOHN H. RAY, New York.

As chairman of the Committee on Merchant Marine and Fisheries, I am authorized to serve as an ex officio member of the Board.

Sincerely,

HERBERT C. BONNER,
Chairman.

CIVIL RIGHTS—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 75)

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

To the Congress of the United States:

Two principles basic to our system of government are that the rule of law is supreme, and that every individual regardless of his race, religion, or national origin is entitled to the equal protection of the laws. We must continue to seek every practicable means for reinforcing these principles and making them a reality for all.

The United States has a vital stake in striving wisely to achieve the goal of full equality under law for all people. On several occasions I have stated that progress toward this goal depends not on laws alone but on building a better understanding. It is thus important to remember that any further legislation in this field must be clearly designed to continue the substantial progress that has taken place in the past few years. The recommendations for legislation which I am making have been weighed and formulated with this in mind.

First. I recommend legislation to strengthen the law dealing with obstructions of justice so as to provide expressly that the use of force or threats of force to obstruct court orders in school desegregation cases shall be a Federal offense.

There have been instances where extremists have attempted by mob violence and other concerted threats of violence to obstruct the accomplishment of the objectives in school decrees. There is a serious question whether the present obstruction-of-justice statute reaches such acts of obstruction which occur after the completion of the court proceedings. Nor is the contempt power a satisfactory enforcement weapon to deal with persons who seek to obstruct court decrees by such means.

The legislation that I am recommending would correct a deficiency in the present law and would be a valuable enforcement power on which the Government could rely to deter mob violence and such other acts of violence or threats which seek to obstruct court decrees in desegregation cases.

Second. I recommend legislation to confer additional investigative authority on the FBI in the case of crimes involving the destruction or attempted destruction of schools or churches, by making flight from one State to another to avoid detention or prosecution for such a crime a Federal offense.

All decent, self-respecting persons deplore the recent incidents of bombings of schools and places of worship. While State authorities have been diligent in their execution of local laws dealing with these crimes, a basis for supplementary action by the Federal Government is needed.

Such recommendation when enacted would make it clear that the FBI has full authority to assist in investigations of crimes involving bombings of schools and churches. At the same time, the legislation would preserve the primary responsibility for law enforcement in local law enforcement agencies for crimes committed against local property.

Third. I recommend legislation to give the Attorney General power to inspect Federal election records, and to require that such records be preserved for a reasonable period of time so as to permit such inspection.

The right to vote, the keystone of democratic self-government, must be available to all qualified citizens without discrimination. Until the enactment of the Civil Rights Act of 1957, the Government could protect this right only through criminal prosecutions instituted after the right had been infringed. The 1957 act attempted to remedy this deficiency by authorizing the Attorney General to institute civil proceedings to prevent such infringements before they occurred.

A serious obstacle has developed which minimizes the effectiveness of this legislation. Access to registration records is essential to determine whether the denial of the franchise was in furtherance of a pattern of racial discrimination. But during preliminary investigations of complaints the Department of Justice, unlike the Civil Rights Commission, has no authority to require the production of election records in a civil proceeding. State or local authorities, in some instances, have refused to permit the inspection of their election records in the course of investigations. Supplemental legislation, therefore, is needed.

Fourth. I recommend legislation to provide a temporary program of financial and technical aid to State and local agencies to assist them in making the necessary adjustments required by school desegregation decisions.

The Department of Health, Education, and Welfare should be authorized to assist and cooperate with those States which have previously required or permitted racially segregated public schools, and which must now develop programs of desegregation. Such assistance should consist of sharing the burdens of transition through grants-in-aid to help meet additional costs directly occasioned by desegregation programs, and also of making technical information and assistance available to State and local educational agencies in preparing and implementing desegregation programs.

I also recommend that the Commissioner of Education be specifically authorized, at the request of the State or local agencies, to provide technical assistance in the development of desegregation programs and to initiate or participate in conferences called to help resolve educational problems arising as a result of efforts to desegregate.

Fifth. I recommend legislation to authorize, on a temporary basis, provision for the education of children of members of the Armed Forces when State-administered public schools have been closed

because of desegregation decisions or orders.

The Federal Government has a particular responsibility for the children of military personnel in federally affected areas, since armed services personnel are located there under military orders rather than of their own free choice. Under the present law, the Commissioner of Education may provide for the education of children of military personnel only in the case of those who live on military reservations or other Federal property. The legislation I am recommending would remove this limitation.

Sixth. I recommend that Congress give consideration to the establishing of a statutory Commission on Equal Job Opportunity Under Government Contracts.

Nondiscrimination in employment under Government contracts is required by Executive orders. Through education, mediation, and persuasion, the existing Committee on Government Contracts has sought to give effect not only to this contractual obligation, but to the policy of equal job opportunities generally. While the program has been widely accepted by Government agencies, employers and unions, and significant progress has been made, full implementation of the policy would be materially advanced by the creation of a statutory Commission.

Seventh. I recommend legislation to extend the life of the Civil Rights Commission for an additional 2 years. While the Commission should make an interim report this year within the time originally fixed by law for the making of its final report, because of the delay in getting the Commission appointed and staffed, an additional 2 years should be provided for the completion of its task and the making of its final report.

I urge the prompt consideration of these seven proposals.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *February 5, 1959.*

STATUTORY RIGHTS OF INDIVIDUALS

Mr. McCULLOCH. 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 Ohio?

There was no objection.

Mr. McCULLOCH. Mr. Speaker, the President has sent to the Congress, today, an important message on constitutional and statutory rights of individuals, and the rule of law, under our system of government.

It is a temperate message. It is a moderate message. It is a message of the golden mean.

It would be repetitious for me to discuss the seven specific recommendations of the President, so soon after the reading of the message, but I do commend its careful reading and deep study to every citizen who is interested in solving one of the difficult problems of our time.

STATE COMPACT REGARDING UNIFORM TAX TREATMENT OF NONRESIDENTS

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

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

There was no objection.

Mr. RODINO. Mr. Speaker, I am today introducing a bill on behalf of myself and my Democratic colleagues granting the consent of Congress to the several States to enter into compacts providing for the uniform tax treatment of nonresidents.

An interstate compact can obtain substantial relief and is much more likely to obtain congressional support than a constitutional amendment. To begin with, the compact bill we are offering requires only a simple majority in both Houses of Congress. In giving its approval, Congress is merely authorizing the States to work out reciprocal tax agreements regarding nonresidents. When those agreements have been made, the States will be further required to submit their compacts to Congress for ultimate approval.

If the States can work out amicable agreements there will be no difficulty in obtaining final congressional approval. Under the measure we are sponsoring, consent is not limited to the States engaged in tax controversy with New Jersey but is available to all of the States. Such States, for example, as North and South Dakota, Maryland, and Virginia, are presently having nonresident tax difficulties and under our legislation will be authorized to enter into separate agreements.

We hope that Pennsylvania and the city of Philadelphia in particular will follow the lead of the State of New York and ameliorate the unfair wage tax it presently levies on New Jersey residents who work there.

LEAVE OF ABSENCE

Mr. CELLER. Mr. Speaker, I ask unanimous consent that leave of absence be granted to the following Members of the House: Messrs. MEADER, MILLER of New York, and CHELF. They will be absent on official business through February 17.

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

There was no objection.

THURSDAY, FEBRUARY 12, HOUSE MEETS AT 10:30 A.M.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that on Thursday next when there will be a joint meeting in connection with the 150th anniversary of the birth of President Abraham Lincoln, the House meet at 10:30 o'clock a.m.

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

There was no objection.

AUTHORITY TO DECLARE A RECESS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that on Thursday next the Speaker may declare a recess at any time during that day.

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

There was no objection.

EXTENDING UNIVERSAL MILITARY TRAINING ACT

Mr. VINSON. 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. 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.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 2260 with the gentleman from California [Mr. SISK] in the chair.

The Clerk read the title of the bill.

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

Mr. VINSON. Mr. Chairman, I yield myself 30 minutes.

Mr. VINSON. Mr. Chairman, the bill before the House today, the bill to extend the draft, is one of the most important bills that will be considered by the 86th Congress during this session.

It is a Department of Defense bill.

It is a bill that involves the security of our Nation.

As far as I am concerned, we have no choice but to pass this bill.

Now the bill does four things:

First, it extends the authority to induct individuals for a period of 24 months into the Armed Forces from the present termination date of July 1, 1959 to July 1, 1963, a period of 4 years.

Secondly, it extends the so-called doctor's draft law from the present termination date of July 1, 1959 to July 1, 1963, a period of 4 years.

Third, it extends the suspension on strength limitations of the various armed services from July 1, 1959 to July 1, 1963, a period of 4 years.

Fourth, it extends the Dependents Assistance Act from July 1, 1959 to July 1, 1963, a period 4 years. This is the law under which enlisted personnel with dependents receive increased allowances.

Now, I am going to go into detail on all of these laws, but I would like to take them in order.

First, the extension of the draft.

Mr. Chairman, no one in the Congress, I am sure, would favor a draft bill unless it were absolutely necessary. But we all know that we face a serious challenge to our national security. We have got to maintain an armed force in excess of 2½ million men for the foreseeable future. And in order to maintain this

force, we have got to have some form of compulsion on the statute books.

Mr. Chairman, we are a peace-loving nation. We are not a nation made up of military-minded people.

As a result, there is a limit to the number of individuals who will volunteer for military service, if all forms of compulsion are removed.

No one likes to vote for a draft law, but we must all measure up to the responsibility imposed upon us by the Constitution and by the American people.

We have no choice but to vote for this bill, in order to maintain our Armed Forces at the strength deemed necessary to assure our continued existence as a free nation.

Now let me tell you something about the history of the draft.

We passed the draft law in 1940 before the outbreak of World War II. That act finally expired, after several extensions, in March of 1947. At that time the Armed Forces were at a strength of approximately 1,380,000.

But the services were having difficulty in maintaining that strength.

In 1948 it became apparent to President Truman that a reenactment of the Selective Service Act of 1940 would be necessary in order to maintain the strength figures that had been suggested.

At that time the Air Force was short some 25,000 recruits, and the Army was 129,000 below its authorized strength of 669,000.

At the same time the President and the Congress decided that because of world conditions we would have to expand our forces to approximately 2 million.

Now remember this was just before Korea. In other words, we were having trouble maintaining a force of 1,380,000 by voluntary methods and we knew we would need a draft law if we attempted to expand to a force structure of 2 million people.

Today we know that the defense of the country requires a minimum force of 2,525,000 men.

Mr. Chairman, if we were not able to maintain a strength of 1,380,000 in 1948 on a purely voluntary basis; if it took a draft law in 1948 to attempt to reach a larger force structure of 2 million men, it must be perfectly obvious that we cannot attain a force structure of 2½ million on a purely voluntary basis today.

Now since 1948 we have passed many laws to improve the attractiveness of a service career. Our reenlistment rates have increased; our officer retention rates have improved; and the money that has been spent on increased pay and benefits for the armed services has undoubtedly increased the efficiency and stability of our Armed Forces.

But we are still a long way from a purely voluntary force. We still have to fill the gap between the recruit and the trained specialist. Our trained specialists are reenlisting at a better rate. But before these men become specialists they have already spent several years in the Armed Forces.

I mention all of this because I am convinced, as is the Committee on Armed Services, that the only way we can maintain a force structure of 2½ million men in our armed services is to continue the draft law on the books for another 4 years.

Now, let me refresh your memories on how the draft law operates.

Every young man upon attaining the age of 18 must register with his local draft board. He remains liable for induction up to age 26, and if he is deferred for any reason that liability is extended to age 35. Now the committee inserted this extended liability provision in the law in 1951 deliberately. The idea came from the Committee on Armed Services, and not from the Department of Defense. We put this in the law so that men who obtained deferments in essential industry would not do so to escape the draft. These men remain liable up to age 35 and it has had a very salutary effect upon those who might otherwise have sought to obtain deferments merely to escape their military obligation. And, of even greater importance, it stabilized the college deferment program by assuring local boards that college deferments would not open an escape route for some registrants.

Now there are 4,012 local draft boards throughout the United States and its possessions. There are also 93 appeal boards with extra panels.

And I would like at this time to pay a high tribute to those loyal citizens who serve on the local boards and appeal boards. There are over 38,000 American citizens representing about 90 percent of all selective service personnel who work without pay. As a matter of fact, the Selective Service System only employs about 6,000 full-time and part-time civilians. The entire appropriation for the Selective Service System is only $27,500,000 annually.

These local boards have the job of registering and classifying these young men.

It is not an easy job, and it is made more complicated, of course, by regulations which change from time to time as conditions change.

These boards must decide who will be drafted and who will be deferred.

We very deliberately placed this responsibility in the hands of the local boards and not in the hands of officials here in Washington. The Congress felt, quite properly, that local boards, who are familiar with local conditions, should make the determination as to who of their neighbors must be drafted.

This is a tremendous job. There are over 20 million registrants in the Selective Service System. Of course, these are the total registrants since 1948. Many of them have already served in the Armed Forces, or many of them are now serving in the Armed Forces, but it is quite a job keeping track of all of these individuals. I think the Selective Service System does a magnificent job and is to be congratulated for the fair and impartial manner in which the System operates.

Now the law, as you know, provides for deferments and it also provides for some limited exemptions. It also provides that no one can be inducted under the age of 19 if there is someone in that local board area who is available and is over the age of 19.

General LeMay, in referring to the effect that the draft law has on voluntary enlistments in the Air Force, said:

> The very fact of its existence causes many men, in preference to being drafted, to enlist in the Regular Air Force, the Air Force Reserve, the Air National Guard, or to enter the Air Force Reserve officer training program.

General LeMay also stated that he appeared before the committee to express the unqualified support of the Department of the Air Force for the bill to extend the draft.

The Commandant of the Marine Corps, General Pate, said:

> Although the Marine Corps is a volunteer organization, extension of the induction provisions of the Universal Military Training and Service Act is essential to its manpower program.

Vice Admiral Russell, of the Navy, testified:

> During the brief period in 1947 and 1948 when there was no draft act in effect there was a very serious drop in the average quality of volunteer enlistees in the Navy, although this was a relatively low input period. I am convinced that without the influence of the induction authority of the Universal Military Training and Service Act, there would be a definite reduction in the quality of our volunteers.

The Navy, the Marine Corps, and the Air Force all testified that without the draft law they could not obtain the volunteers that are necessary to maintain the strengths and quality of their respective services.

In the next fiscal year, the Navy will attempt to maintain a budgeted strength of 630,000; the Air Force will attempt to maintain a budgeted strength of 845,000; and the Marine Corps will attempt to maintain a budgeted strength of 175,000. We know that they cannot maintain these strengths without the draft law.

The Army will attempt to maintain a strength of 870,000 and they know that they cannot come anywhere near this figure without using inductees.

These are the budgeted strengths for fiscal 1960. This contemplates a force structure in excess of 2,500,000 men. And the only way that it can be attained and maintained at this minimum strength is through the enactment of this proposed legislation.

Now, Mr. Chairman, we had a fine hearing on this bill.

I would like now to discuss some of the points that were raised during these weeks' hearings which I am sure are in the minds of many Members.

The first point is why we need a 4-year extension of the induction authority. The question has been raised "why not a 2-year extension, or a 1-year extension, or a 3-year extension? Why do we need a 4-year extension?"

There are many answers to this problem. First of all, if precedent has any significance, I should mention that in 1951 we extended the draft law for a 4-year period to 1955, and in 1955 we extended the draft law for a 4-year period until 1959. The same arguments that

existed in 1955 are even more significant today.

We are no closer to a peaceful settlement of world conditions in 1959 than we were in 1955. So if the Congress was justified in its action in 1955, it is even more justified in extending the draft law for a 4-year period in 1959. But let us look beyond that.

What does the 4-year draft extension do?

First. Well, it indicates to the free world and any would-be aggressor, our determined effort to maintain a strong national defense system.

Second. We make clear to the world, and to the American people, the extent to which we assume our responsibility among the free nations of the world.

And of equal importance, the youth of America is not deluded into expecting an early end to the draft. Thus, they will not be seeking temporary deferments with the hope that the draft will expire before their turn is reached. They will be able to plan with more certainty for their schooling. They will have a greater opportunity to choose a time to serve voluntarily.

Third. It permits more orderly administration procedures in all of the services—personnel planning can be made on a 4-year basis. This is of significance in procurement programs, training programs, and even in the maintenance and operation of training bases.

In that connection, let me quote a statement made by General Taylor, Chief of Staff of the Army, in connection with the necessity for a 4-year draft extension.

General Taylor said:

As I look at the future and consider the manpower requirements of our country, I can't see anything in the international situation that suggests a reduced requirement for manpower below that essentially which we have now.

Furthermore, these studies of our ability to support our Armed Forces by enlistment alone, suggest that about a million and a half men is the maximum. It is inconceivable to me that we could defend our security with any force like a million and a half men in the foreseeable future.

I make the other point, that for stability of our military planning, of our military program, we must be able to project ourselves at least 4 years into the future. A shorter period of time from the point of view of the Joint Chiefs of Staff, for example, is virtually meaningless. We must have this stability in our planning, which is based in this case upon knowing about what manpower we can count upon.

Finally, I would just say that in the present international climate any reduction of the time of our draft extension would suggest, I am afraid, to our allies, that perhaps we don't think the situation is particularly serious, and I think it would have serious adverse psychological impacts abroad as well as at home.

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

Mr. VINSON. I yield.

Mr. GROSS. I wonder if General Taylor is equally concerned about the psychology of the people of the United States of America when they learn that the British may abolish their draft altogether in 1960?

Mr. VINSON. There is no evidence in the record. England has a draft for 24 months. Some 15 or 16 NATO countries have drafts for varying periods of time.

Mr. GROSS. There is nothing in the record to show that. Let me read from your own hearings. This is referring to the British:

Current policy contemplates terminating conscription in 1960.

Mr. VINSON. The record shows that in England today the draft is 24 months. That is exactly what the record shows.

Mr. GROSS. Will the gentleman yield further?

Mr. VINSON. I yield.

Mr. GROSS. What difference does it make what it is today if they are going to abolish it?

Mr. VINSON. There is no statement issued by the British Government. There have been statements in the press, but there is no definite policy. Whether or not England does abandon it, our position in the world today demands that America keep it.

Mr. GROSS. I am interested in the people of this country. I am not interested in extending the draft to please some foreign country.

Mr. VINSON. We are not extending the draft to please some foreign people. We are extending the draft for the reason that our minimum force structure requires 2,500,000 men. We cannot obtain that number without the draft law, and we are extending it a reasonable length of time so that there can be orderly planning, orderly handling of the manpower, which will all reflect in economy in managing the whole Department of Defense.

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

Mr. VINSON. I yield to the gentleman from Texas.

Mr. KILDAY. In connection with the statement by the gentleman from Iowa [Mr. GROSS], about Great Britain, I will ask him if he is reading from the hearings, and if he read, "The current policy contemplates termination of conscription in 1960. However, it is understood the British Government has also said some form of conscription would be necessary if voluntary recruitments fail." Has the gentleman read that?

Mr. GROSS. Can the gentleman tell me how you can terminate conscription and still have it?

Mr. KILDAY. I wanted to point out the full statement in the record, that there is a commitment from the British Government that should their reenlistment continue, it would not be necessary.

Mr. GROSS. I would like to ask the gentleman if this is some more British doubletalk.

Mr. KILDAY. I am not able to interpret that.

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

Mr. VINSON. I yield.

Mrs. ROGERS of Massachusetts. Is it not true that if the British do abolish their draft it is all the more important for us to keep strong?

Mr. VINSON. The gentlewoman from Massachusetts hits the nail exactly on the head.

Mr. GROSS. Apparently there are those who believe we should continue to fight the battles for the British. Sure.

Mr. VINSON. Mr. Chairman, the next question to which I wish to address myself is the time of extension. This will be debated when our distinguished new colleague, the gentleman from Iowa [Mr. WOLF] offers an amendment. He has advised me he proposes this afternoon to offer an amendment to cut the length of time to 2 years. We will have more to say on that.

From the historical standpoint, we extended the draft in 1951 to 1955; and in 1955 we extended it to 1959. The history of the extension of the draft has been mainly along the line of a 4-year extension. This makes for far better administration. The 38,000 men throughout the country who compose the draft boards, and these boys who are getting deferments—the whole machinery—will have a better climate within which to operate than they would if we merely extend it for 2 years.

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

Mr. VINSON. With pleasure.

Mr. MEYER. The gentleman spoke of history; how about more than 150 years of history as compared with just the past few years of history?

Mr. VINSON. I can only go back in recent history; I cannot go back 150 years. Let me say, however, that the history of the draft in the United States from 1917, which was the first time the draft was resorted to since Civil War days, has been one of extensions for 4-year periods.

Mr. MEYER. I thank the gentleman.

Mr. VINSON. Mr. Chairman, the simple fact is this: In spite of the reductions in our Armed Forces, which will be the subject of future debate on this floor, I am sure, I have seen no evidence submitted by anyone that indicates that our international commitments have lessened, or will lessen in the years ahead.

We know that the cold war will continue. We know that there will probably be future Lebanons, and future Formosas. And it just is not fair to hold out a hope for the elimination of the draft over the next 4 years.

But if our voluntary enlistment rates by some miracle do reach a point where we no longer need the draft law, then the Congress will be here to terminate the induction authority, if that becomes necessary.

Now do not think for a moment that the Army is the only service that needs a draft law. The draft law is just as important and probably more so to the Navy, the Marine Corps, and the Air Force. And do not think for a moment that the Army itself would not like to terminate the draft if they could. The Army would like to be a purely voluntary force and not have the constant problem of retraining personnel facing them all the time.

The Army would prefer volunteers. But when they cannot get all volunteers

they have to get some inductees. But those inductees make good soldiers. And they do give the Army something which is irreplaceable in a national defense system—a variety of skills. They only get these people for 2 years, but then they have a reserve obligation for a short period thereafter. The Army gets college graduates as well as high school graduates; they get physicists, chemists, engineers, just as they get young graduates from high schools.

They get a cross section of America through the draft law which enhances our national security.

Now, Mr. Chairman, I would like to turn to the question of the draft age.

Today men are liable for induction between the ages of 18½ and 26, and those who have been deferred remain liable up to age 35.

The average age of involuntary induction today is 22½ years and this will increase to about 23 years during the next 4 years.

Now immediately some will say that we should be drafting younger men.

First of all, let me tell you that 50 percent of the inductees who enter the Army today do so on a voluntary basis. They can volunteer for induction at the age of 17 with their parents' consent, and at 18 without parental consent. Many thousands of young men enter the service in this manner.

These men volunteer for induction for a 2-year period either before or after they have completed their formal education. They choose the time when they want to fulfill their military obligation.

Others wait until they complete their education before entering the service and some of these are involuntarily inducted. Obviously, these men are going to be older since they have gone to college.

Some of these may be approaching the age of 26. Some of them are in their 25th or 24th year. But all of these young men have had an opportunity to volunteer for induction.

They have all had an opportunity to volunteer for the other services for a longer time if they so desired.

If we lower the draft age, by law, from 26 to a lower age, we may seriously disrupt college deferment programs, and it is possible, depending upon the future size of the Armed Forces, that we may have to induct fathers.

Today we do not induct fathers. I think we all agree that this is a good policy. The impact upon the community is much greater when a father is inducted than when a nonfather is inducted. By inducting nonfathers we lessen hardship throughout the Nation.

If we lower the draft age by law, then local boards, in an effort to keep men from escaping all military service, will certainly cease to be liberal with their present deferment policies. Now I mention this because there has been a great deal of discussion about the draft age.

I think I should tell you that the law itself permits the President, when he sees fit, to draft by age group or age groups.

In other words, the President could decide tomorrow to induct only those who are in the 21st- or 22d-year age group. Or he could induct those who are in the 19-year age group.

But here we are dealing with statistics and the so-called manpower pool.

I think you will be interested to know that on November 30, 1958, of all those who were then 26 years of age and who were registrants under the draft law, 9 out of 10 qualified registrants had fulfilled their military obligation or were in the process of fulfilling their military obligation. Now, of course, those are qualified registrants.

Of the total registrants on November 30, 1958, who were 26 years of age, including those not qualified, 7 out of 10 had fulfilled their military obligation, or were in the process of fulfilling their military obligation.

This is very significant to keep in mind. You have heard a lot of talk about the chances of being drafted are about 1 in 10.

That does not tell the story. We take in approximately 500,000 men a year into our armed services. They go in as voluntary recruits, as inductees, or as 6 months' trainees. And it is perfectly obvious that the total number of individuals inducted only represents about 20 percent of the total number of men entering our armed services.

But do not overlook the fact that all these come out of the same and only manpower pool.

Now the reason why we have more registrants than qualified registrants is also obvious.

Under existing physical and mental standards, which were raised last year by an act of Congress, 33 percent of all registrants are classified as 4–F.

That is, 33 percent of all registrants are physically, mentally, or morally disqualified for service in our Armed Forces.

To this must be added those who are deferred for hardship reasons because they are supporting families or for other hardship reasons. Then there is a small group of individuals who are deferred because their work involves national security.

But I repeat, on November 30, 1958, 9 out of 10 of the qualified registrants under the Universal Military Training and Service Act had completed their military obligation or were in the process of completing their military obligation.

Last year, as I mentioned, we gave the President the authority to increase the mental and physical standards for induction into the Armed Forces. This has greatly improved the efficiency of the Army and as a result, three out of five Army disciplinary barracks have been closed.

Certainly, this action on the part of the Congress increased the 4–F deferment rate, but on the other hand, it drastically reduced the number of men who were confined to disciplinary barracks in the Army or who were discharged after short periods of time because they were found unqualified for military service.

After all, we are concerned about the security of this country and we are concerned about the quality of the men in whom we place this great responsibility. Those men must be physically and mentally qualified to perform their duties. That is the reason we gave the President the authority to raise the physical and mental standards last year.

Now, the second objective of the bill is the extension of the so-called doctor's draft law.

Now, just what is the doctor's draft law?

Well, as you know, we defer students to go to college.

Medical and dental students require longer deferments because their training takes a longer period of time.

As I previously stated, the law says that anybody deferred for any reason remains liable up to age 35.

Now, these doctors and dentists who have been deferred to complete medical or dental school incur a draft liability up to age 35.

The law also gives the President the authority to make special calls from among those who are in medical or dental categories.

As a result, these people are liable for induction, but actually they aren't being inducted because we give them an opportunity to apply for a Reserve commission and then they are ordered to active duty for 24 months.

They come on active duty as Reserve captains in the Army and the Air Force, or as lieutenants in the Navy, and they also qualify for special pay.

Now, how many of these doctors do we have on active duty?

As of November 30, 1958, the Army had 1,629 Regular officers who were physicians, and 2,198 physicians who were Reserve officers. Of these 2,198 Reserve officer physicians, 1,579 entered the Army as a result of the doctor's draft law. They weren't drafted, but they entered as Reserve officers because of the doctor's draft law.

In the Navy, as of November 30, 1958, there were 1,626 Regular officer physicians and 1,672 Reserve officer physicians. Of this number, 1,186 Reserve officer physicians entered on active duty as a result of the doctors' draft law.

In the Air Force, there were 1,144 Regular officer physicians and 2,274 Reserve officer physicians. Of these 2,274 Reserve officer physicians, 1,700 entered the Air Force as a result of the doctors' draft law.

The average annual rate of physicians on active duty to total personnel is 3.4 physicians per thousand troop strength. This strength figure varies throughout the year, but the overall average is 3.4.

All told, as of November 30, 1958, there were 10,543 physicians on active duty in the Armed Forces.

Now let us look at the dentists for a moment.

In the Army there were 529 Regular dental officers, and 1,250 Reserve dental officers. Of these 1,250 Reserve dental officers, 1,012 entered on active duty as a result of the doctors' draft law.

In the Air Force there were 441 Regular dental officers and 1,336 Reserve dental officers and of these 1,336 Reserve dental officers, 996 entered on active duty as a result of the doctors' draft law. The average strength of dentists is two per thousand troop strength.

In the Navy there were 1,012 Regular dental officers, and 587 Reserve dental officers. Of these 587 Reserve dental officers, 513 entered on active duty as a result of the doctors' draft law.

All told, there were 5,155 dentists on active duty on November 30, 1958.

I believe it is important to note that all of the Reserve officers on active duty as a result of the doctors draft law entered on active duty prior to age 35. In addition, all of these doctors were at one time deferred to complete their education.

I think from these figures it is perfectly obvious that we would not be able to provide adequate medical and dental care for members of our Armed Forces if we did not have the doctors draft law in operation.

Now, the mothers and fathers of this Nation have a right to expect that their sons, when called into the military service, will receive the finest medical and dental treatment possible. And this is also true of the wives and children of these men who are serving our country. If we did not have the doctors draft law, we just would not be able to furnish this medical care.

Now let me discuss the third objective of the bill—the suspension of strength limitations.

Permanent law imposes a strength limitation on the size of the Army of 837,000 persons. And yet the budgeted strength for fiscal 1960 is 870,000. Permanent law imposes a maximum limitation on the size of the Air Force of 502,000, but the budgeted strength for fiscal 1960 is 845,000.

Now these limitations on the size of the Army and the Air Force, together with a lesser limitation on the size of the Navy, have been suspended by separate law until July 1, 1959. Thus, the third objective of the proposed legislation is to extend this suspension to July 1, 1963.

I think you could see what would happen if we did not extend this provision of law. The Air Force would drop from 845,000 to 502,000—a loss of 343,000 men; the Army strength would drop from 870,000 to 837,000, a loss of 33,000 men; and the Navy would lose about 4,000 regular Navy enlisted personnel.

Finally, Mr. Chairman, I want to discuss the fourth objective of the proposed legislation—the extension of the Dependents Assistance Act—the law under which enlisted personnel draw increased allowances because of their dependents.

Under this law, enlisted personnel draw allowances ranging from $51.30 per month to $96.90 per month, depending upon their grade and the number of their dependents. This law is scheduled to expire on July 1, 1959, and if it is not extended, thousands and thousands of enlisted personnel would suffer pay cuts ranging from 25 percent to 50 percent of their pay.

Now, Mr. Chairman, I have discussed with the membership the four objectives of the proposed legislation.

First. The extension of the regular draft law for 4 years.

Second. The extension of the doctors draft law for 4 years.

Third. The extension of the suspension on the limitation on the size of the Armed Forces for 4 years.

Fourth. The extension of the Dependents Assistance Act for 4 years.

These laws are all vital for our national security.

Each and everyone of them is an indispensable part of our defense program.

We, in the Congress, have the responsibility for raising and supporting armies and maintaining a navy. That responsibility is imposed by the Constitution of the United States. Enacting this bill represents the fulfillment of this responsibility.

Mr. Chairman, enacting this bill is also America's answer to the challenge of any would-be aggressor.

This is our reply to those who might think we are beginning to weaken internally.

This is our reply to those who feel that the American people will not face up to reality.

This, Mr. Chairman, is America's promise to the world that we will remain strong and that the young men of our Nation will continue to be trained and ready for a day, which we hope will never come.

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

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

Mr. McCORMACK. The distinguished gentleman from Georgia, who is one of the great Americans of all time—and I say that not flatteringly but in the most complimentary and sincere manner—has made a speech which certainly commands the attention of all of us, particularly those of us charged with responsibility as we are as Members of the Congress. The gentleman particularly referred to the fact that the main fight here might be on reducing the time to 2 years. If that amendment were adopted it would be construed abroad as a sign of weakness on our part. I hope the bill will not be amended in that fashion. I respect those who believe in that. Of course, they believe in the strength of America just as much as we do, and my remarks are not to be construed either directly or indirectly as any reflection upon those who think that way. However, if we are going to err we better err on the side of strength rather than on the side of a weakness.

When Mr. Mikoyan was over here he felt that with a Republican President and a Democratic Congress there would be a division, but he failed to recognize constitutional government and, over and above it all, we are Americans.

Mr. VINSON. I thank the gentleman from Massachusetts for his contribution. He is absolutely right. If it were flashed out to the world today that the House of Representatives had reduced the draft down to 2 years, in every chancery in the world it would be said that America has changed her policies, no longer is she going to be strong, no longer is she going to be the leading nation of the world for the free people and to maintain our liberties and our American way of life. We must not let this matter be eroded here by 2 years or any other period of time less than 4 years. It is absolutely essential for orderly administration to have the 4-year term.

Mr. ARENDS. Mr. Chairman, I yield myself 10 minutes.

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

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

Mr. GROSS. Is this a draft bill governing American forces or is it a draft bill to please foreigners? I would like to get that straightened out.

Mr. ARENDS. It is a draft bill governing only Americans, but we cannot get away from the fact that we are the No. 1 nation of the world today and what we here do reflects itself upon all the other nations of the world.

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

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

Mr. McCORMACK. The leadership of every country in the world is charged with the primary duty of doing those things, particularly in a crisis, that are for the national interest of that country, whether it be the United States, little Liberia or any other country. Without regard to what any other country might do, we are charged with taking a course of action that is in the national interest of our own country. I think this bill is decidedly in the national interest of our country. We are charged with our job here in America.

Mr. GROSS. Mr. Chairman, if the gentleman will yield further, I might suggest to the gentleman that if these countries are so interested in maintaining military forces, they first extend the obligated service of their own draftees. Very few have the obligated service that is required of conscripts in this country.

Mr. ARENDS. Mr. Chairman, there is little that I can add to the detailed explanation that has just been presented by the distinguished gentleman from Georgia, CARL VINSON.

He has given you a complete and thorough explanation of the need for this legislation and has fully justified every aspect of the bill.

I might add, parenthetically, that the Congress of the United States and the American people are fortunate indeed to have a man of Mr. VINSON's outstanding ability serving in the Congress of the United States and occupying the very responsible position that he does as Chairman of the Committee on Armed Services. Mr. VINSON is one of the few Members of Congress who was in this room when the Draft Act was passed in 1917.

As the distinguished chairman has stated, no one likes to vote for a draft law, but nevertheless we all have a responsibility and that responsibility must be met regardless of our personal desires and wishes.

We all devoutly hope for peace, but I know and you know, that peace today is not based upon hopes for mutual understanding and good will, but is based upon our ability to defeat, by force of arms, any would-be aggressor.

As much as we may hope and pray for peaceful solutions to all international

problems, we all know that those problems will not be solved in the immediate future by embarking on a course of military weakness. In other words, much as we might desire, this whole matter will not just go away.

The proposed legislation, H.R. 2260, is the basic law under which we maintain the strength of our Armed Forces. It is an indispensable part of our manpower personnel program. Without it we know we cannot maintain the strengths necessary for our security. If we were not drafting a single man, this law would still be necessary as a stimulant for voluntary enlistments.

In many ways, the draft law is a tribute to the Christian principles of our people. We do not want war and our national heritage is based upon the principles of the freedom of man. Our young men are not military minded. As a result they do not volunteer in large numbers to become a part of a military system.

But they do recognize their obligation to the Nation and the necessity for maintaining our military strengths. So long as there is a draft law on the statute books, these young men will fulfill their obligation willing, and conscientiously. But remove this law from the statute books, and we will give these young men a false impression of the gravity of the world situation.

The distinguished chairman from Georgia has discussed with the membership why we must extend this law for 4 years. He has discussed with you the induction age and many other subjects that were thoroughly studied during the hearings.

As a result, the Committee on Armed Services recommends to the membership of this House the enactment of the proposed legislation with one technical amendment.

We might just as well face the facts of life and not attempt to delude the American people into a false sense of complacency with regard to the length of time that this law must remain in operation.

A 4-year extension of this law is necessary not only because of its effect upon the free nations of the world; not only because of its effect upon the career planning of our young men; not only because it enhances personnel planning in the Department of Defense; not only because it enhances procurement programs; but most important of all, because it demonstrates to the Soviet Union that we intend to remain strong in every military aspect.

Now Mr. Chairman, because the distinguished gentleman from Georgia has explained the functions of the draft law so well, I thought I would spend just a few moments to discuss with the membership the Doctors Draft Law.

Under the Universal Military Training and Service Act, authority is provided for the Secretary of Defense to issue separate calls for men qualified as physicians and dentists. H.R. 2260, as amended, will extend this authority until July 1, 1963.

There is no question about the need to provide proper medical care for members of the Armed Forces and their dependents.

The simple facts are that too few physicians and dentists choose a career in the Armed Forces to provide the minimum numbers of these specialists required for our 2½-million-man force, and their dependents scattered about the world.

In recent years, more physicians and dentists have entered the Regular services. The Armed Forces estimate that by June 30, 1959, about 50 percent of all physicians and about 40 percent of all dentists serving on active duty, will be career officers. But these are far too few. The services must rely for the balance of their needs on men required to perform 24 months of active duty under the draft law. Without compulsion, the services would be unable to attract even half the number of physicians and dentists they require.

Under present legislation, and under the proposed extension, the President has authority to order physicians and dentists from the Reserve to active duty for a period of 2 years. So long as enough of these specialists apply and are commissioned in the Reserve, the authority to order them for induction need not be used. But the authority to induct them is vital to induce them to apply for Reserve commissions. Then, when needed, physicans and dentists can be called to serve on active duty.

This authority to induct doctors has kept the services supplied with vitally needed medical and dental personnel.

The effect of the law has been to induce draft-liable physicians and dentists to seek Reserve commissions and enter on active duty as needed. As an added inducement, extra pay of $100 per month is provided for those physicians and dentists.

When we began to mobilize for the Korean war, the need for physicians and dentists was obvious. The first doctor draft law imposed the liability for service on physicians and dentists up to the age of 51. Priorities of liability were established based on the amount of prior service and whether a man had been deferred to study for these professions, or had received help from the Government to obtain schooling through service-sponsored World War II specialist training programs.

Those first to be called were physicians and dentists who had been deferred or had received their professional education at Government expense, and had served less than 90 days in the armed services. Priority II included those physicians and dentists who had been deferred or received help and who had served less than 21 months. Priority III were those without service after 1940; and priority IV were those with service who had not reached their 51st birthday, and were not in priorities I or II.

A nationwide system of advisory committees was created to advise local boards on community needs for physicians and dentists. This was necessary to provide for civilian needs, while meeting military requirements.

This effective and equitable way of supplying physicians and dentists and allied specialists to the armed services was extended for 2 more years in 1953.

There were some changes in the types of prior service recognized as affecting liability under the act, and some modification of the length of service required, also based on the amount of prior service. In general, the obligations on physicians and dentists were lightened by the 1953 amendments.

In 1954, provision was made for the utilization of these professional men in an enlisted status in cases where they either could not or would not serve as officers. Only 65 were inducted out of 12,000 requisitioned by the Department of Defense up to June 30, 1954.

In 1955, the authority to draft physicians and dentists was extended for 2 more years to July 1, 1957, but the upper age of liability was reduced to 46.

Then in 1957, the special priorities and age provisions of the former doctor draft legislation were dropped. Under the 1957 amendments to the Universal Military Training and Service Act, physicians, dentists, and allied specialists were made liable under the act as regular registrants and on the same terms as other registrants are liable, with two exceptions. Those exceptions are:

First. That the Department of Defense retained authority to issue separate calls for physicians and dentists.

Second. The President retained the authority to order medical and dental Reserve officers to active duty for 24 months without their consent.

Physicians and dentists are subject to the same ages of liability as are other registrants. And, like other registrants, deferments before age 26 for study, for occupational and other reasons, extend liability to age 35.

By virtue of this extension of liability provision of the act, practically all physicians and dentists acquire liability to age 35.

It is practically impossible for a man to complete his medical or dental study and training without a deferment. In the normal course of events a man is reached for induction before his 23d birthday. If he is not to be inducted, he must be deferred.

More than 12,000 physicians and 5,000 dentists have been requisitioned by the armed services. Only 83 have been inducted. In addition, more than 3,600 physicians are at present receiving additional training under the Armed Forces Reserve medical officer commissioning and residency consideration plan. The program is designed to give the services physicians with training in special fields. Early in 1955, the Director of Selective Service and the Department of Defense agreed to the program whereby a limited number of registrants who became Reserve officers are permitted to complete residency training before being called to active duty.

The Director of Selective Service recommends deferment of men selected by the Department of Defense for training under this program. It is a source of physicians with training in specialized fields and accounts for a large portion of the physicians required for active duty tours.

This program is being continued.

As mentioned above, while thousands of physicians and dentists have entered the Armed Forces under the stimulus of the doctor draft and the Universal Military Training and Service Act, only 83 have actually been inducted. This is a tribute to the success of the entire program.

Under H.R. 2260, as under present law, no doctor will be inducted if he applies for a Reserve commission and is rejected solely on the grounds of physical disqualification.

Such doctors who are members of Reserve components, and who are under 35, and have not performed at least 12 months of active duty, may be ordered to active duty for not more than 24 months.

Physicians or dentists who serve on active duty for 12 months or more as reservists shall upon release or within 6 months have an opportunity to resign the commission, unless they are otherwise obligated.

A physician or dentist qualified for a Reserve commission has a right to volunteer for active duty for 24 months so long as his service is needed.

Provision is made for appointment or promotion to a rank commensurate with experience and qualifications. Most doctors enter on active duty as captains in the Army and Air Force, or as lieutenants in the Navy.

The Armed Forces have not found it necessary to requisition physicians or dentists since February 1957. However, it is significant that with July 1, 1959, the expiration date of the doctor draft approaching, a decline has occurred in the numbers applying through the residency program or otherwise for Reserve commissions. There was some indication late last year than an induction call might have to be issued. In anticipation, the local boards had to order physicians for physical examination in order to be prepared to meet a possible call. But the ordering of physical examinations was enough. It prompted a renewal of applications for commissions and residency training sufficient to insure a continual supply of physicians at least until July 1, 1959.

This one recent example of how the doctor draft works is alone proof of its essentiality. And it is a strong argument, too, for a 4-year extension. No matter how obvious the need may be to continue the doctor draft, the very fact of its approaching expiration date has misled some doctors and dentists into a false belief that they will not be needed.

A survey conducted by the Council on National Defense of the American Medical Association covering the period January 1, 1956, to December 31, 1956, the latest available figures, indicates that more than 77 percent of physicians who had served on active duty and were separated from active duty during this period were satisfied with their assignments insofar as they pertained to their training and experience.

And as a final tribute to the administration of this essential law, I would like to mention that no physicians or dentists were inducted in fiscal 1958, and none have been inducted to date in fiscal 1959.

The law, in my opinion, is working satisfactorily and should be extended.

It is the only method by which we can assure the men in our services, and their families, as well as the mothers and fathers of young men being inducted, that adequate medical and dental care will be available for these people.

Mr. Chairman, I strongly urge the enactment of the proposed legislation as essential to the welfare and security of our Nation. We must extend the draft; we have no choice.

It interrupts medical and dental manpower planning and programs. A 4-year extension will leave no doubt in the minds of our young professional men that for most of them their careers must include 2 years in the armed services.

Now, before I conclude, Mr. Chairman, I would like to tell you what our replacement requirements for physicians in the Military Establishment will be over the next 4 years.

In fiscal 1960, we will need 1,950.

In fiscal 1961, we will need 1,400.

In fiscal 1962, we will need 1,900.

In fiscal 1963, we will need 1,375.

In that connection, I want to compliment the Department of Defense for the manner in which it has kept the ratio of physicians to troop strengths at a reasonable level.

In 1947, there was 6.6 physicians per thousand troop strength.

In 1948, there was 5.4 per thousand troop strength.

Since that time, the Department of Defense has made strenuous efforts to reduce this ratio, which is now 3.4 per thousand troop strength.

Not long ago there was some opposition on the part of the physicians to the fact that too much time was spent in nonprofessional duties which interfered with the practice of medicine.

This objection has now been overcome and it is interesting to note that only 2 percent of our physicians on active duty are engaged in staff or administrative duties, 11 percent are engaged in research, training overhead, in a travel status, or ill; 87 percent of all physicians on active duty are engaged in professional medical care.

Mrs. ROGERS of Massachusetts. Mr. Chairman, if the gentleman will yield, I, too, would like to commend the chairman of the Armed Services Committee, the gentleman from Georgia [Mr. VINSON], and also our ranking minority member, the gentleman from Illinois [Mr. ARENDS].

Mr. ARENDS. I thank the gentlewoman.

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

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

Mr. HOLTZMAN. I have heard the conclusion uttered twice that a 2-year extension might reflect our weakness throughout the world. Has the gentleman given any thought to the fact that extending the law for 2 years with a provision for review might, on the contrary, reflect confidence in our strength and security rather than weakness, and might also result in lessening the tensions created by the cold war?

Mr. ARENDS. I feel we have done exactly that in the action taken by our committee. From time to time we review this question. I have no quarrel with what the gentleman is thinking about. But in view of the danger presently facing us, and from the standpoint of planning in the Department of Defense for our manpower needs, I think we are best off in another extension for 4 years, as is provided in the bill before us.

Let me simply mention this in passing, that in the matter of procurement of doctors and dentists we have brought about more efficiency in the services, where today we find the need for doctors and dentists has been brought down to 3.4 per thousand troops. In other words, more efficiency is being gained today in the medical activities of the doctors and dentists in service than ever before.

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

Mr. ARENDS. I yield.

Mr. GROSS. I am still not satisfied with the answer I have received with respect to satisfying foreigners. Were any representatives of foreign governments before the committee?

Mr. ARENDS. No; they were not.

Mr. GROSS. Are they going to be satisfied with 4 years?

Mr. ARENDS. Well, let us satisfy ourselves.

Mr. GROSS. I just thought maybe we could extend it for 8 or 10 years and then the lights would not go out in the chancelleries of foreign governments.

Mr. ARENDS. Let me say to my friend from Iowa that I tried to pinpoint that a moment ago—that we are not thinking in terms of compulsory military training solely for the people of this country, but at the present time due to the situation we face in a troubled and disturbed world, and the fact that we are spending untold billions of dollars, which every Member of this House will vote for, then why put a weak link in this whole chain which might weaken the defense of this country.

Mr. VINSON. Mr. Chairman, I yield 20 minutes to the gentleman from Iowa [Mr. WOLF].

Mr. WOLF. Mr. Chairman, may I say I feel very strongly about my position on the 2-year extension as opposed to the 4-year extension.

Mr. Chairman, at this time I would like publicly to thank the distinguished gentleman from Georgia [M.. VINSON] for his many courtesies and kindnesses to me during the last few days. I would also like to call to the attention of my colleagues the inscription engraved in the walls of this Chamber above the Speaker's rostrum. If you will read these words of Daniel Webster and keep them in mind, I would like to read my statement.

I want to make it clear as I begin that I do not question whether at this time we need the draft. Rather, I agree that right now we need the draft because we have no prepared alternatives to offer in

its place. But I do not accept the theory that we will never have an alternative to the draft. It is my firm belief that if we work diligently at this problem, before the end of this 2-year period we will have arrived at a solution in which we can maintain the needed rate of enlistment without the necessity of peacetime military conscription. Furthermore, my position is based on the necessity of strengthening our national military posture, because I do not believe that we are getting the kind of men necessary to run the military equipment we are spending billions to get.

Hence, any arguments I make must be considered within this frame of reference: Do our military manpower policies give us greater security or not? The administration's position on the question of an automatic 4-year extension of the draft has been put well by Assistant Secretary of Defense for Manpower, Personnel, and Reserve Finucane, who stated on page 35 of the committee hearings to the question presented by a member of the Armed Services Committee, and I quote: "Why not a longer period of time or a lesser period of time?" To this, Secretary Finucane said, and I quote: "I think your question is a good one, sir, historically the draft has in the wisdom of Congress been extended for 4 years and we would like simply for conformity's sake to carry on with the habits of the past."

Mr. Chairman, the administration's position forces every Member of this Congress to ask himself another question: Is conforming to the habits of the past going to give us adequate national security in the space age? I submit to you, gentlemen, that this is exactly what an automatic 4-year extension does. Why should we have a 4-year extension? Do we fear to face up to fundamental weaknesses in our present military system? We must ask ourselves if in the space age when the Soviet Bear is grinning and laughing at our faltering and futile gestures we are content for conformity's sake to carry on with the habits of the past. Are we so tired as as a people, are we so timid as legislators that we are willing to drift with the errors, inequities and false security given to us by our Selective Service System? I do not think the American people want to drift. I am sure that they want not the questionable habits of the past—not conformity—but deliberation and decisive action. It is within this context that we must ask ourselves what we are going to do about the draft extension.

Before I go on, let me reiterate that at this time I am for a 2-year extension of the draft. If a 2-year extension is voted down—I will vote for a 4-year extension rather than none at all, but with a heavy heart. I am voting for an extension not because I believe that the draft is a panacea but because we do not have any effective alternatives ready to use in place of the draft. It is my feeling that this is because we have been taking too lightly our obligation of reviewing in a comprehensive fashion the function and consequences of our military manpower policies. The extension of the draft for a full 4 years is an easy way out. It is a way whereby Congress is able to pass off its solemn obligation for another 4 years to consider the problems of the draft. If, on the other hand, the draft is only renewed for 2 years, Congress is obligated to consider the problem of the selective service within the next 2 years. A joint committee or a committee of the Armed Services Committee is obligated to return to this Congress with a report that will either give us alternatives or change the existing system. Gentlemen, the 4-year draft, I fear, is a continuation of the policy of having quantity with the illusion of protection rather than quality with the reality of security; it is a continuation of a drifting, shifting somnambulance which America can no longer afford.

Let me point out some of the serious and complex problems which our selective service and Reserve policies have either caused or not resolved. At the present time the Federal Government spends as much as $14,000 for the training of each draftee. Only 3 out of every 100 draftees reenlist after their 2-year term ends. The present high turnover of military personnel who are drafted constitute a great waste of the taxpayers' money, adds to our mounting cost of national defense and exerts an inflationary pressure on our national economy. More important, just as these men become trained and may be of some use to the armed services they leave after their 2-year training period. Liddell Hart, the British strategist and military historian has pointed out that the cost of training conscripts and other costs caused by the rapid turnover of short-term soldiers are not exceeded by gains in military power and military security. He states:

> Conscripts cannot be trained in 18 months or 2 years to the high grade of skill required for modern warfare, for by the time they are trained to even an employment level so little of their period of service remains that their employment is bad economy.

We are all aware of the fact that present military strategy demands not masses of men who are ill trained, but manageable groups of men well trained in the tactics of modern warfare, the techniques of tactical nuclear warfare, the use of newly developed complex weapons and weapon systems. We do not have this when we have a large pool of men in the armed services who are biding their time until they leave the services. It should also be pointed out that it is not only the draftee who spends his time doing tasks that could be performed by civilians. Let me state in passing that this system is being used by the Air Force. They have been able to replace 43,000 airmen with 31,000 civilians in one noncombat area. The Regulars also become involved in this syndrome of wasteful activity. A large proportion of them become absorbed in the training machine for conscripts, and in caretaker jobs at home and overseas. Do any of us here honestly believe that the 6-month active duty training program or the Air Force 10-week training program or even the 2-year military conscription program gives an enlisted man enough opportunity and training in the use of nuclear weapons so that he would be combat ready in even a limited war with these weapons?

We all recognize that during other great national emergencies democratic standards and ideals have had to be protected through the use of military conscription. This was accepted by our citizens during the Second World War because of the immediate necessity for mass armies and because conscription was universally applied. But now there is serious question as to the need for mass armies and further, under the present Selective Service System, more than one-half of the men in the eligible age group have by a combination of circumstances and means, including deferment, been excused from any form of military service. A large part of the burden of conscription has fallen unfairly upon youths who for economic reasons are unable to obtain draft deferment. These men cannot afford to attend college or must postpone marriage and the raising of a family.

According to John Graham, in a study prepared for the Fund for the Republic, there are as many as 60 ways for a young man to fulfill his military obligation without actually serving time in the draft. For example, in early 1957, the pool of draft-age men was about 5 million, of whom 2.3 million were fathers who consequently are indefinitely deferred under draft regulations. Conscientious objectors are deferred; many professional athletes will disqualify because of so-called physical handicaps; college students are deferred; scientists for the most part are deferred. By Executive order set forth in January 1956, men past 26 years of age are dropped to the bottom of the draft list. This has the effect of releasing these men from their military obligation. I am not arguing that these men should not be deferred. However, it is clear that the so-called universality of the system is nonexistent. Married students in college often have children to avoid going into the draft. Those who are unable to avoid the draft because of economic or social circumstances are the ones who must enter the Army at pay rates much lower than those prevailing in civilian life, thereby adding to their low economic status. Prof. John Galbraith, of Harvard, has asserted that "the draft survives principally as a device by which we use compulsion to get young men to serve at less than the market rate of pay. We shift the cost of military service from the well-to-do taxpayer who benefits by lower taxes to the impecunious young draftee." We are willing to have quantity with the illusion of protection rather than quality with the reality of security. As. Mr. Cordiner has pointed out in his now famous report:

> The modern military manpower problem reduced to its simplest terms is one of quality rather than quantity. It is not merely a matter of the total number of people on hand but is much more a matter of the competence, skill, and experience of these

people. The military services are not able at present and under present circumstances to keep and challenge and develop the kinds of people needed for the period of time necessary for those people to make an effective contribution to the operation of the force.

As Gen. Harold Maddux, who directs the Defense Department's manpower requirements, said in May 1958:

We need dramatic changes in pay and attitudes to upgrade a military career in the eyes of the Nation. We can't get that change with huge numbers of men compelled to serve against their will.

We should not forget the harmful social costs which result from a draft which is universal in name but not in its functions. The draft is affecting adversely the lives of millions of young men and women who are facing the choice of further education, jobs, and marriage. John Graham has pointed out:

Uncertainties about the draft make it impossible for young men to plan ahead and as a result discourage them from getting the advanced training in the sciences or the professions which the country is needing increasingly.

The feeling of loss, insecurity, and uselessness is compounded for thousands and thousands of young men who are already caught up with the bewildering and perplexing problems of adolescence and young adulthood.

In brief then, we are able to see military, economic, and political reasons for extending the draft for only 2 years until that time when we will have more effective alternatives than the draft system.

If I may in my remaining few minutes, I would like to answer certain important questions which may be asked of me. Some of you may ask, if we extend the draft for 2 years only there will be men who will not enlist in the service or the Reserve programs, whereas if we extend the draft for 4 years these men will take seriously our intentions of continuing the draft. To this I answer: The armed services may always draft more men during this 2-year period if enlistments are falling behind. Furthermore, at the end of the 2-year period we hope that effective alternatives to the present system will exist so that those who do not have the ability or the will to serve will not have to serve. If, on the other hand, it appears after careful study that there are no other alternatives, Congress may continue the draft for another 4 years, and I shall certainly support this.

It is clear that the Armed Services Committee and the Rules Committee acted with great speed to bring before this Congress a bill for a blanket extension. If the study suggests that a draft is the only answer to our military manpower problems, the Armed Services Committee and the Rules Committee will not be derelict in asking for an extension. Some of you may suggest that the administration needs a 4-year extension in order to be able to plan rationally its manpower program. To this I would like to answer in Assistant Secretary of Defense for Manpower, Mr. Finucane's, terms:

Historically the draft has in the wisdom of Congress been extended for 4 years, and we would like simply for conformity's sake to carry on with the habits of the past.

From this statement it is clear that planning does not demand 4 years. Only conformity demands 4 years.

Some of you ask that the Cordiner report does many of the things that I suggest but we still need the draft. I suggest that the Cordiner report deals only with reenlistment not in attracting men into the services on the lowest level. Increases were percentagewise, which means that privates were only given $3 a month increase but generals were given as much as $70 a month increases.

Some of you may ask: Is not the draft needed to secure the services of the necessary unskilled manpower? Sufficient pay would attract such unskilled men as must be in uniform. It is foolish to waste skilled men by drafting them to do unskilled work. By rejecting those men in category IV, we are left with a body of men with a higher level of skill to do this unskilled work. It is a source of discontent to those skilled men who are drafted and assigned to tasks which do not utilize their capabilities. This is also a waste of the trained men who could be useful to the community in other activity or who might volunteer for more highly skilled work for a sustained period of time if offered better pay by the services. Impressed labor has not always turned out to be cheapest in the long run.

You may also ask: We tried in 1948 to get 2 million men on a voluntary basis and could not—how can we now hope to get 2½ million voluntarily? At that time, there were no programs of incentives to attract and retain manpower. Even so, reenlistments were 65 percent then—presumably because the choice of entering the service in the first place was purely voluntary, and not motivated at least in part by desire to avoid the draft, as now it is—and are only 8 percent now. The drop is presumably due to the fact that many enlist to avoid the draft, and are therefore anxious to serve as briefly as possible. So the draft has actually been accompanied by a decrease in the reenlistment rate. This adds to the amount of training which is wasted on men who leave the service before they have served long enough to justify the amounts spent to train them.

Let us accept the draft as necessary at this time, but I think it is of paramount importance to know what the draft is and what its weaknesses are. I believe that there is enough weakness to show that the draft should be continued for only 2 years while some committee of Congress studies the military system and its manpower procurement policies. This is the only way we will discharge our obligation to ourselves and the American people—this is the only way that we may feel secure in the space age.

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

Mr. WOLF. I yield to the gentleman from Texas.

Mr. KILDAY. I would like to have the gentleman repeat the percentage of enlistments that he just mentioned. I believe he said something in the neighborhood of 8 percent.

Mr. WOLF. In the services other than the Army, the reenlistment rate in 1957 was about 8 percent; approximately.

Mr. KILDAY. In 1957, in the services other than the Army?

Mr. WOLF. According to the figures I was given by the Library of Congress.

Mr. KILDAY. May I ask the gentleman the source of the figure?

Mr. WOLF. The Library of Congress.

Mr. KILDAY. Has the gentleman consulted the hearings as to what percentage is given?

Mr. WOLF. I did, and I was surprised that there was quite a difference, and I hope somebody will clear this difference up for my benefit.

Mr. KILDAY. So you are citing the figures that you received from the Library of Congress?

Mr. WOLF. And the figures from the Library of Congress were based on military figures that they received from the military department.

Mr. KILDAY. Of course, on page 38 of the hearings will be found the various percentages by services and by the Department of Defense as a whole for 1957, 1958, and 4 months of 1959.

Mr. WOLF. There seems to be some dispute about those figures. I think there is room for reasonable dispute.

Mr. KILDAY. As to the figures of the Department of Defense, the gentleman feels that there is room for doubting these figures that were given to the committee?

Mr. WOLF. I think that is correct. However, I shall be happy to recheck the figures and discuss it further later today.

Mr. KILDAY. That is all.

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

Mr. Chairman, I want to call to the attention of the gentleman from Iowa who preceded me that those who advocate a 2-year extension of the draft rather than a 4-year extension seem to indicate that the Congress would be helpless to stop inductions in less than 4 years if we grant a 4-year extension of the draft.

Quite the contrary is true. We can stop inductions at any time sooner than 4 years that the Congress desires—either by repeal of the authority to draft or denial of funds to pay draftees.

But, the best military judgment available in America today has informed the House Committee on Armed Services, which is headed by the very distinguished gentleman from Georgia [Mr. VINSON], that we have a military requirement to extend the draft for 4 years. In the first instance, this is for the defense of America, and I, for one, shall accept the judgment of our military leaders, whose devotion to our Nation is no less than our own. And I shall accept the judgment of our distinguished and able chairman [Mr. VINSON], whose years of experience eminently qualify him to make such a recommendation as he has made to us here today—that this legislation be extended for a period of 4 years.

Mr. GROSS. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred

and three Members are present, a quorum.

Mr. VINSON. Mr. Chairman, I yield 10 minutes to the gentleman from Colorado [Mr. JOHNSON].

Mr. JOHNSON of Colorado. Mr. Chairman, I have listened with interest to the discussion by the distinguished chairman of the Committee on Armed Services. I heard him say in the course of his remarks that there could be no argument against the logic which his testimony before this House contained. It was essentially the same testimony with which he opened the hearings and essentially the same testimony which we find in the report.

I learned years ago, Mr. Chairman, that one should rarely quarrel with the logic of one's adversary. Usually the gentleman is learned and his logic is impeccable, and I do not quarrel with the logic. I found instead that typically if one wishes to make a case, one must first examine the premises upon which the argument proceeds. So if I may use my time today to do so, I should like to examine the premises upon which this controversy, in my opinion, appears to be based, I think our arguments will be found to lie at the heart of the premises upon which the two cases, for a 4-year extension and against it, rest.

We can agree, certainly, on the first premise, that we all share an obligation, having taken the oath of office, to provide for the common defense. I am glad that it has been granted here in advance, that this will not be an issue in this debate, that we can agree with that first premise.

We have been given the premise that the draft is the way by which we will secure the strength of the United States and preserve, apparently, the United Nations as well. It is evident from the argument which is made by my distinguished colleague from Iowa that there are those who would argue that the draft is not the way by which we can best secure that strength, for many reasons which he cited.

Mr. Chairman, I should like to read parts of a carbon copy I have received of a letter addressed to the distinguished chairman of the Committee on Armed Services from one William Robert Miller. He says that he was mustered out as a disabled veteran in 1947, after serving with the Far Eastern Air Force in the Philippines. Also, he says, the tradition of volunteering in his family goes back at least to the Civil War and probably to the Revolutionary War.

Then he says:

> I am convinced that conscription results in a waste of manpower and money. I am not an expert and have conducted no surveys, but I believe from my experience that from a thoroughly military standpoint alone it could be shown that it is extremely wasteful to build a nation's defenses around men whose first and paramount thought about military service is how to get out of it.
>
> If a man is induced to do a job, he'll work well at it. But we all know how costly forced labor is, and all the patriotic appeals in the world will not put forced labor on a par with the work of freemen. During World War II this fact was borne out in my own experience time and again in the griping and goldbricking and general malingering of the draftees I saw. I doubt that "goofing off" would be a feature of a regular army of volunteers.
>
> And how is it with officers who have to assign men to various jobs? When they are dealing with draftees, it doesn't seem to make much difference whether the right man goes into the right place. In my time, it seemed to be "standard operational procedure" to put a man in the place where he least wanted to go and was least qualified to be. It is a wonder to me that the United States won the war.

I can say, having worked here in the Executive Office of the President at the time, that sometimes I wondered myself.

> To cite only one example from my own case, I was interested in and qualified for radio training, but I was sent to airplane and engine mechanics school and given 6 months of training which turned out to be utterly useless. Anyone on the flight line would have had to be out of his mind to assign me to work on an airplane as a mechanic.
>
> When I failed one course in A and E school, my CO called me in and threatened to send me overseas as a rifleman in an airdrome security outfit. I agreed readily, because I wanted to get overseas. But he was only bluffing, and I was sent back to school and pushed through with barely passing grades.
>
> As I have said, this is only one episode among many. I don't believe these things would be possible if the Army were forced to plan carefully and use its manpower efficiently, the way a civilian employer has to do. And if the Army (and the other service branches, too) had to attract men, they would get the right kind of men.
>
> It would be an improvement if this were done on any terms, but it would probably also turn out to be cheaper to maintain a smaller contingent of well-paid, well-trained men with the kind of morale that can be developed only among volunteers, than it is to subsidize the monumental goldbricking society which an army of draftees inevitably tends to be. A lot of people think the draft is regrettable but necessary. I think it is basically un-American, and the facts would show that you can't defend liberty with an army that is not a product of the American way of free choice. If it could be done, that might be regrettable.

Well, this comment by my friend, Mr. Miller, simply dramatizes the point I would like to make. There is a sharp difference among us as to how to secure that strength. Certainly, if young men are not motivated adequately now, they will not be adequately motivated simply by the fact that you are changing the date of that law to 1963 from 1959. Better pay for recruits, a better program to hold reservists, wider use of civilians for support type of activity for transportation, housing and food, as well as wider use of local support overseas—this is the kind of thing that might make for more efficient use of manpower and might get greater strength with smaller numbers.

Then, also there is a difference among us as to the question of the assumption that you cannot secure an adequate force, regardless of the exact numbers thereof, without the draft. The distinguished chairman cites the experience in 1948 and in the report and in his opening remarks quoted from President Truman's message. I will call the attention of the House to the fact that in the year 1948, in March of 1948 when these observations were made, we were before the Czechoslovakian coup d'etat—we were speaking before the experience of the Berlin blockade and the Korean incident. The cold war, frankly, was not yet really on.

Yet, it seems to me it is a mistake to assume that the events of the past decade will have no influence on the opinions of young men and young women in this country. It is a similar mistake to assume that it has not any influence on our own opinion. Having lived through the war experience, we had such an attitude before 1948. You will recall that the President's military budget for 1947, with congressional support, was a $15 billion budget and not a $45 billion or $46 billion budget as now. The assumption, therefore, that the 1948 experience is necessarily definitive for today, it seems to me, ignores a great deal of history that has taken place in the interim. It also ignores the change in the size of the labor force between that time and today. We were then getting the depression babies coming of age. We are now getting the war babies coming of age, and there is a larger manpower pool.

But, my fundamental concern turns to the philosophy and psychology of our entire situation. As Americans, it seems to me we have a far more profound obligation than to worry about whether or not the military can change its personnel policies and get enough men—or must we give them this to secure draftees. Our fundamental concern must be—which way to peace? How shall America best be assured that the awesome weapons of mutual destruction which we have created need never be used? I, for one, should like to think that our energies would be devoted to following those paths which would demonstrate to the world that we do not seek another war—and that we do not seek any war but one war: the war that we should be seeking is the war against man's ancient enemies—disease, hunger, misery, and poverty. This is the only war in which all mankind can be victorious.

It seems to me we should be giving our attention, Mr. Chairman, to making the appeal to the young people and to the citizens everywhere, both at home and abroad, to devote the larger part of our energies, not to training men to man missiles of mass destruction, but rather to training young men as technical missionaries with slide rules, with medical kits, to fight communism on a positive basis and not to use guns and flame throwers to fight communism, but to go out into the world as missionaries of peace.

It seems to me that the younger generation today, as ever, are imaginative. They will respond creatively to a constructive alternative, but they are now depressed by the thought that the only hope for us is that we shall have a larger number of intercontinental ballistic missiles with which to rain down death and destruction upon the women and children and soldiers throughout the world.

It seems to me that we must examine very closely the basic proposition by which we are to be governed. For too long this Nation has been governed by

its fears. I believe we all share the view that we are not really likely to face a new world war. We all know that no such war could be won. The only question would be, Shall the destruction of both our Nation and our enemies be consummated in 3 days or in 30 days? That essentially is the difference.

I think we should ask the military force to live without the draft. If we must have it, this Congress can be called into session and pass an extension of the draft in a very short time. But think of the psychological effect both at home and abroad, if we would turn our face toward peace, if we would devote our energies to that course of action which will build a more peaceful world. We must learn to live together or we shall surely die together.

The CHAIRMAN. The time of the gentleman from Colorado [Mr. JOHNSON] has expired.

Mr. VINSON. Mr. Chairman, I yield 10 minutes to the gentleman from Vermont [Mr. MEYER].

Mr. MEYER. Mr. Chairman, the continuance of military conscription at this time is neither necessary nor desirable.

I have studied this issue thoroughly, and years of study and reflection have added to my conviction. As a result of my speaking publicly against this measure, I received letters from many people scattered across this land. Almost all of them urge me to speak for them in this House, and I believe that they represent the thinking of millions of Americans.

I have, in a few weeks, learned to love this citadel of liberty, but even more I love my country and its cherished traditions. I respect the leaders of this body and sincerely believe that my colleagues advocate what they consider right and proper. My love for my country and my convictions as to its best interests force me to differ with some of them on this issue. I know that they will respect my right to speak the truth as I see it, with all the force and directness available to me just as I will respect their rights.

I wish that I did not have to conclude that a cancerous militarism is growing in this country. It poses a threat to most of our institutions and creates an unevaluated inner peril. If this House continues to permit military leaders and their spokesmen to usurp the powers and duties of Congress, then Patrick Henry spoke in vain. All of us honor the officers and men who lead or maintain our defenses, but we should not permit them to unduly interfere in the formation of national policy or legislation. Washington recognized the danger, and Jefferson advocated a free civilian government. If we allow a modern Praetorian Guard to incubate as a menace to a modern Rome, we will have chosen Sparta at its worst in preference to Athens at its best. Must we imitate Germany because Russia has become a neighbor and competitor? Must we burn our house because we hear a wolf howl at our door? The answer is a ringing, everlasting no.

This great land of ours can find a positive way to peace. We can maintain an adequate military defense without crucifying our traditions and ideals on a double-edged sword. Make no mistake, the military state is such a sword. It may protect us from invasion, but it can lead to self-destruction or to dangerous adventuring. We have the moral force and the spiritual resources to forge an international system of law and order. We have the people and the economic strength to lead the world to justice and understanding. The way to positive solutions may be difficult, but who wants the easy path that leads to nowhere or to worse? I have no time or use for appeasement, but as long as I have access to this floor, I will fight for reason and for truth. I will not admit that the spirit of the men who followed William Penn to these shores is dead.

Why should we speed this bill to the Senate? I appeal to your sense of responsibility. We are no rubber stamp. Why should we relegate debate to the Senate? If this is the most important bill coming before the Armed Services Committee, then I say that this House should combine duty and pride so as to be of service to the public in thoroughly evaluating it. What is the reason for rushing it through? Why were we not furnished the record of the hearings in time to weigh the pros and cons? Why should this House and the American people not be granted adequate time to fully consider and deliberate? Are we children for whom father knows best? The generals have spoken—let the American people have a chance to raise their voices, too. Perhaps I am living in a never, never land in which the voiceless masses of free Americans defer to a few admirals. I doubt it. I hope that I am not, because I do not know how such a country could be defended.

Here are 10 of the many reasons for not extending the draft:

First. We can have better defense with volunteer, career professional forces. The need is for quality rather than for quantity.

Second. Well-paid forces provide better defense at less expense under such conditions.

Third. We have no right to conscript labor at substandard rates nor to maintain a system riddled with inequities.

Fourth. The Pentagon itself knows that the system is wrong.

Fifth. The Pentagon and others push this bill only because they are afraid to try to change it. They will not make the effort unless forced to do so, and they fear discussion, because they know that the entire issue is explosive and riddled with legitimate grounds for objections.

Sixth. It interferes with the proper development of our youthful manpower.

Seventh. It weakens the total strength of our country which must include science, industry, agriculture, and other fields, as well as the military.

Eighth. It is wasteful in every way.

Ninth. It lulls us into a false sense of security and hinders the mobilizing of moral and spiritual forces while inculcating militaristic doctrine.

Tenth. It violates our traditions and conflicts with much of our moral and religious thinking. This does not contribute to our international standing or to peaceful solutions of world problems.

A full case against conscription cannot be developed in a few minutes when the issue merits many hours of study. However, I can alert you to the dangers of passing such a bill—particularly under forced pressure. This calls dramatic attention to the even greater dangers in militarism that threaten our way of life.

This is much more than the voting on an Army draft bill. American democracy is on trial. It may be later than we think in the cycles of history. I hope that this is not so, but shadows of handwriting appear upon the wall. This means that we may face in militarism an inner danger almost as great as the external dangers. We might destroy ourselves while trying to protect ourselves.

In closing, I would like to call your attention to words from the constitution of Vermont which call for frequent recurrence to fundamental principles in order to preserve the blessing of liberty and keep government free. This I urge you to consider.

Mrs. GREEN of Oregon. Mr. Chairman, will the gentleman yield?

Mr. MEYER. I yield to the gentlewoman from Oregon.

Mrs. GREEN of Oregon. Can the gentleman tell me what the position of the A.F. of L. and CIO is in regard to the 4-year extension?

Mr. MEYER. As I understand it, they would prefer the 2 years with a study commission.

Mrs. GREEN of Oregon. Could a study really be made during the 2 years so that at the end of that time we could come up with a better program with a more efficient use of manpower and a wiser expenditure of the tax dollars?

Mr. MEYER. Yes.

Mrs. GREEN of Oregon. Does the gentleman know what the position of the national chamber of commerce is?

Mr. MEYER. They are for the 2 years.

Mrs. GREEN of Oregon. They are also in favor of only a 2-year extension of the draft and recommend that a study be made of the many criticisms that have been leveled against the drafts it operates today?

Mr. MEYER. That is right, as I understand it.

Mr. ARENDS. Mr. Chairman, I yield 15 minutes to the gentleman from Pennsylvania [Mr. VAN ZANDT].

Mr. VAN ZANDT. Mr. Chairman, good and adequate reasons for extending the induction authority to July 1, 1963, have been presented. The Nation needs the draft to insure that we keep the Armed Forces at the minimum strength.

But there are some other considerations involved. It seems to me important to recognize other reasons for extending the draft.

It has been made perfectly plain that the recruiting efforts of all the armed services are successful only to the extent that the draft boards provide the recruiters with a strong prospect.

Every boy, by the time he is 17, knows that he will register with his local board at 18. He knows that he will probably be called into service. In many cases,

this is all the incentive he needs to enlist.

For boys 18 and older, the local board has every name and address. If this fact does not make the man ready to enlist, there is further processing which will bring him closer to service. Eventually he is classified. If he is in I–A, he can be pretty sure that except for failure to pass the physical, mental, or moral tests, he is going to go. He may delay it with a deferment for a time, but his call is pretty certain. These men are already more than half sold as enlistees. Then, when he has been examined by the armed services and found acceptable for induction, he has his last chance to make a choice—either enlist, or wait to be drafted.

No one will deny that the recruiting services rely heavily on this processing—and on the virtual certainty of eventual service by every qualified man—to produce enlistees. This is as it should be. It is certainly in keeping with American principles to provide every opportunity and the maximum time for a citizen to voluntarily perform a fundamental duty of citizenship. For those to whom the opportunity to choose is not important, the Selective Service System provides an extremely fair and considerate method of determining when a citizen shall perform his military duty.

It is interesting to note that hundreds of local board clerks have been honored with citations and certificates by the recruiting services. The recruiters in the field know and value the aid these clerks give them; the help they receive by the fact that the Selective Service System exists and is operational.

None of this is intended to reflect on the recruiting services. They do a fine job. But it emphasizes the vital role Selective Service plays in the manpower procurement process. No man is forced to decide when and how to fill the obligation to help defend his country. On the other hand, time and ways for everyone to make his own choice are provided.

And if every qualified man exercised that choice, there would still be no reason to assume that the draft was no longer needed. In such an event, there would be no necessity to induct men. But there would still be the need to be prepared to induct men. There would remain the need to keep compulsion in the background to induce men to make their own choice of time and place to serve.

It should be remembered also, that it isn't enough to have 500,000 men volunteer to meet the needs of the armed services for 500,000 men. Let us assume that the existence of the draft induced these half million men to volunteer. Would they volunteer in the proper proportions for the different branches of the Armed Forces? Would they volunteer in the proper proportion for the particular types of duty offered by any one armed service?

There is a tendency to misread the meaning of fluctuating draft calls. Whether a call for one month is higher or lower than the previous month has little if any bearing on the need for the draft. Nor does the trend toward smaller calls, or toward larger calls, really affect the fundamental requirement that the Nation stand ready to enforce, insofar as is necessary, the obligation of each citizen to help defend the Nation.

The role that the Selective Service System plays in our total defense structure is obscured, also, by overemphasizing the actual numbers inducted, or the effect of the draft in stimulating enlistments. We have developed in this country a unique, proven, and highly accepted method of bringing men into the service. I refer specifically to the local board system. These boards are composed of leading members of their community. They know the area and the people with whom they deal. They are required to be civilians. They exercise, subject to appeal, sole authority to classify and select men for service. Practically every community has its own board, and in larger cities, there are many boards but with jurisdiction based on geographical neighborhoods and population density.

In its area, the local board has an unequaled accumulation of data on manpower from age 18 to 35. It is not difficult to visualize the value of this grassroots organization, and the information it possesses, in the event of a nuclear attack. The distinct portions of the Selective Service System, including separate local boards, are capable of operating in isolation should the need arise. They are able to furnish manpower data to any authorized emergency user. And the boards have taken measures to preserve duplicate vital records in vulnerable areas. There would be retained in the event of such a disaster, a local capacity to guide manpower utilization for survival.

The local boards have a real influence on manpower utilization in other ways, too. Everyone is aware of the necessity for the fullest use of technical manpower, and the need to increase the supply of that manpower and to improve its use. By deferring students, by deferring men engaged in teaching, science, engineering, research, and other pursuits vital to the national interest, selective service has helped tremendously to ease our shortages and influence the proper use of skilled men in civilian life. Men are deferred to prepare for these callings, and are deferred to follow them. The prospects of deferment serve to hold men in those fields when better pay might otherwise lure them into more lucrative but less vital activities, from the standpoint of national strength.

Thousands of college students were deferred during the Korean war. It is fair to say, that had there not been those deferments, many of them granted under a nationwide testing program established by the System, this country would now have 50,000 to 60,000 fewer skilled engineers, scientists, and researchers than it has today.

The Korean war also is an excellent illustration of the value of a draft system in being. The Selective Service System was reestablished in June 1948. A few thousand men were inducted. Enlistments climbed spectacularly. But our forces were subsequently reduced so that for a period of nearly 18 months draft-stimulated enlistments met the needs of the reduced Armed Forces for men.

A skeleton of the Selective Service System was preserved. It was badly hampered by a reduced budget and a long period of inactivity. But the boards existed, and although consolidated wherever possible, each had some clerical help.

Despite this rundown state of the System, when the Korean war broke out we were able to deliver men within 60 days—about as fast as it is possible to do so. If the System had been disbanded, the period would have been more like several months—a timelag which in Korea might have meant disaster.

There is more at stake than putting men into the Active and Reserve Forces in peacetime. Those are the prime objectives—part of the end product. They certainly make extension mandatory. But in extending this authority to induct 4 more years, we are preserving what very well may be the indispensable foundation to our capacity to strengthen our Nation and retain our capacity to survive.

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

Mr. VAN ZANDT. I yield to the gentleman from Michigan.

Mr. CHAMBERLAIN. I commend the gentleman on his statement and associate myself with his remarks. I have attended the hearings with respect to this legislation and I am satisfied in my mind that there is absolutely no alternative to extending the draft 4 years, as provided by this bill.

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

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

There was no objection.

Mr. GAVIN. Mr. Chairman, I believe that some other points should be made in the interest of a fuller understanding of all that is involved in our draft system. The need for extension of the induction authority to maintain the active forces is recognized.

It may not have been made so clear that the strength and stability of the Reserve and National Guard, air and ground, also depend on the draft.

The effect of the draft on the Guard and Reserves is much the same as it is on enlistments into the Active Forces. Men enter the Guard and Reserves in many cases because by doing so they are deferred from induction. And the man who enters a Guard or Reserve unit has every reason to remain there and to be an effective member. If he drops satisfactory training, he loses his deferment, as a minimum penalty, and then is subject in his turn to induction. In the case of some enlistments into the Reserves or National Guard, a man who fails to continue to participate satisfactorily is subject to a penalty induction out of turn and regardless of other grounds for deferment that may exist.

It should be understood that the local boards make no decisions in these latter cases. If the Guard or Reserve unit certifies a man as subject to the penalty in-

duction provisions, then the Selective Service System simply complies with the certification. Although few men have been inducted in this way, the existence of this penalty does help to keep men in good standing in the Reserve and Guard units.

The success of the 6-month training program is by now well known. Its success is due, it may be said almost entirely due, to the fact that participation in it provides deferment from induction. Not only have the Guard and Reserves attained strength goals, but of equal importance, the state of training of these vital support forces has reached a high level. No longer must there be a constant repetition of basic training. The initial 6 months of active duty for training, and the reduction of turnover in Reserve and Guard units allow training to progress. Turnover is reduced because men remain in and participate satisfactorily in lieu of being inducted for 2 years of active duty.

Now the Reserve I have been speaking about is the Ready Reserve.

But the same considerations apply to the other elements of the Reserve components. And those elements are important to our defense posture. They represent the reservoir of men with more or less training, some still obligated to train, others volunteer reservists. They include a large number of individuals with rare and valuable skills the services would need in a mobilization. They include men who have had some military training or service.

So long as the future remains uncertain every man-day of military training in the population is valuable. And when less than all the population has training in the elements of physical survival, it is important that society make the best use of those who do have it. Therefore, these reservists—inactive as they may be—are a part of our strength. They may well be a key part of it.

The members of these second- and third-line Reserves who are not veterans are likewise not being inducted so long as they are satisfactorily members of those Reserve components. They are doing something. They are not and should not be inducted while there are men making no contribution, who are qualified and available, to man the Active Forces.

Part of this second line of reservists—the Standby Reserve—is subject to recall to active duty in time of war or national emergency declared by Congress. But in 1955, Congress provided that such men could then be recalled only after they were determined by the Director of Selective Service to be available.

There is good reason for that provision of the law, as perhaps all of us recall. In the rush to meet the challenge posed by the Korean war, the recall of reservists to active duty often resulted in hardships and inequities to individuals; penalized families and civilian activities, and not always served the purposes of the Armed Forces effectively.

It was to prevent that kind of indiscriminate recall of reservists that Congress directed the Selective Service System to evaluate each reservist to determine where he should serve. The local boards now maintain a constant processing of the records of these men. They number at present 1,500,000 and the number is growing still. A decision must be reached in every case whether the reservist shoud be available for recall, or whether in the national interest he should be left in a vital civilian job or to care for dependents. The names of those available for recall are reported to the Armed Forces.

It will be apparent that this is not a job to be done once. The man available today may be in vital research tomorrow, and vice versa. In order for the list of available reservists to have any meaning, it must be as current as it is possible to keep it. So the local boards constantly must cull through these reservists to insure a better utilization of this segment of our trained and partially trained manpower in the event of need.

We must continue to manage our potential military manpower, especially that part of it which has had some training against the day when the skills they have learned in survival may be needed.

The Selective Service System is the only agency in existence with the experience and the organization to carry out that kind of a job. And it is a job which must inevitably grow, until that time which we all fervently seek arrives—when we need not maintain a potent military organization in being; and when we need not view as urgent the necessity to train our citizens to survive in nuclear war. But that day is not foreseeable. Until it is here, we cannot risk the Nation's existence by failing to take every possible step to remain strong.

Mr. VINSON. Mr. Chairman, I yield 30 minutes to the gentleman from Texas [Mr. KILDAY].

Mr. KILDAY. Mr. Chairman, if anyone was elected to Congress under an illusion that there would not be difficult decisions to be made here or distasteful choices to be made, I feel that it is good that he is disillusioned so early in the session. This is a question which none of us approach with any great joy. Those who have dealt with this question from the beginning, in 1940, do so without any feeling of satisfaction that this must be done. However, we have found in the past, and the hearings now sustain the fact, that it is necessary that a continuance of the power to induct be made at this time.

I have no quarrel with anyone, whether in this Chamber or not, who is conscientiously opposed to military service or anything of that kind. While I disagree with his conclusion, I respect the fact that he has that conclusion, that it is his belief, and I would be among those first to defend his right to so believe, and do so with absolute respect for the opinion which he holds.

The situation is this: This is not a military nation. Very few of the American people have any desire to pursue a military career. So we have found over the years, and we have found since 1940, that in order to maintain an adequate military force we must attract and hold practically all of those Americans who have a desire to pursue a military career and who at the same time possess the aptitude for a military career.

We have found in the past as we know now that we cannot maintain what is now regarded as the minimum force necessary without compulsion with respect to the entrance of young men into the service. Now in what situation is the Congress on this subject? Last year when the appropriation bill for the Department of Defense was here, this Congress appropriated funds for 30,000 more members of the Army than had been requested by the President and the Department of Defense. Additional sums for the regular components of the Army and Marine Corps were provided and we expressed the sense of the Congress that those were the minimum numbers required for the safety of the United States during fiscal year 1959. We provided a figure and the funds necessary to pay the reserve components in excess of the number requested by the President and the administration. In that instance we went even further. We used language which on its face is mandatory—that the reserve components shall be maintained at the higher figure. That was the attitude of this Congress, about the middle of last year when the appropriation bill came here. So that we are positively on record for maintaining that type of force.

During the hearings and here on the floor, there has been some mention made of the question of pay and forced labor in order to get men for less than the current pay. Mention was made of the Cordiner report. As the chairman of the subcommittee which considered that report and wrote the pay bill, I regard myself as being one of the very few people in the United States outside of the Cordiner Committee itself who ever read the complete Cordiner Committee report. We considered that report and the minimums suggested by the Cordiner report is what we adopted. Complaint is made as to the disparity between the increases in the top ratings. There we cut down very materially on what the Cordiner Committee had recommended. But any idea that a recruit or private in the service is secured at a reduced wage is a complete fallacy. I know of nothing which is used by the Government of the United States which costs more than the private soldier. True, he enters at $78 per month. I would like to know where there is another young man in the age bracket who has room and board, clothes, medical and dental care and everything else that goes into making a living and yet has $78 or $87 or $90 a month left after he has paid off these charges against him. The only thing in the world that that man has to buy when he is in the service is his toothpaste, shaving cream, blades and his laundry and haircuts. That is all in the world that he is required to pay out of the money that he gets. In addition to that, his dependents are taken care of under the Dependents Assistance Act which is continued by the provisions of this bill. His dependents have the right to medical care either in Government hospitals or in private hospitals with the Government picking up the check for everything

except the first $25 in private hospitals. Whenever anyone attempts to bring forth any question that these young men are acquired at a cut rate for labor or that he is not costing you lots of money, I hope proper reflection will be made and that these other items will be taken into consideration in that regard.

Mention has been made as to General Maddux who worked with our committee on the pay question and again with reference to the Cordiner Committee report. Of course, what those gentlemen were talking about were the highly skilled and trained technicians. They were urging a pay scale for proficiency in a speciality, a type of pay which was being brought back for the first time in a very long time. Back about 1940 or 1942 we had specialist pay where a man could be a private, but in addition to that pay he would also draw specialist pay as a saddlemaker, a horse shoer, a musician, and things of that kind. But this was a new departure for proficiency. The Congress established a proficiency pay system. It does not apply only to technicians, of course, because all of these people in the military service are auxiliary to the fighting men. Their responsibility in the service is to keep that fighter on the front, in the planes, in the submarines, and on the carriers. Everything else is auxiliary to keeping that man on the front. The highest efficiency you could have would be that required in combat. There have been many types of figures and percentages used here. I would not attempt to go into all of them, because frankly I do not remember all the things that go into them. But if you will turn to page 38 of the hearings—and I assure you that these figures are reliable—you will find the figures that come from official sources.

While I do not always like the attitude of the executive departments toward the Congress, I will have to say that in a period of 20 years here I have not known them to give us deliberately false statistics on a matter of this kind. These are reliable figures and can be accepted exactly as you find them in this report. It is very revealing, because it is divided as to all regulars. First, term regulars and then career regulars. Let's look at the career regular, the fellow who reenlists for his second term. Where are we with him? In the entire Department of Defense during the first 4 months of fiscal 1959 we were reenlisting 87.9 percent of them. In the Army it was 86.2 percent; in the Navy 90.4 percent; the Marine Corps, 76.8 percent; the Air Force, 91 percent. Those are the people who are military career minded and oriented. These are the people from whom you will be able at all times and under all circumstances to draw your military force, provided you pay them adequately and give them the other benefits which must go with a military career. We are attracting 87.9 percent of the whole, but that leaves us approximately 250,000 people who at all times are serving as inductees in the Army. The idea that because the Air Force, the Navy, and the Marines are so attractive that they do not have to induct men can hardly be sustained. I do not believe you could say a boy chose the Marine Corps because he would not have an opportunity to fight. He wants to choose his own branch. The same is true of the Navy and of the Air Force. But what do we find among inductees? These boys have been reenlisting at a rate of 2.7 percent in 1955; 4 percent in 1958; and 5 percent at present. So we are consistently improving. But, from those who are not career minded or career motivated, we must supplement the number on active duty by the compulsion of the draft and the induction of individuals. Of course, complaint has been made in the hearings before the committee that it is discriminatory; that it is not universal. The law says it is "the Universal Training and Service Act." I would be the last to contend that this is not discriminatory to a degree, and perhaps to a substantial degree, but it is always going to be discriminatory until such time as the Congress of the United States, sustained by the American people, is willing to go into an all-out universal training program in the United States. When you do that, then there will be no discrimination, and the burden will fall equally on all.

I have bloodied my head many times in trying to pass a universal training act. Thus far the people are not going to sustain it, as reflected by the Members of Congress. As long as you do not have that program there is going to be an element of discrimination.

I agree thoroughly with those who say that the proper way to maintain peace is to follow the dictates of religion and charity. I do not believe there are many people in the United States you are going to have to convince that that is the proper way to do it. My trouble has always been that we have made no headway with the Russians in getting them to sincerely agree to that, believe in it and agree to follow it. Until such time as they do I think the vast majority of us must confess the fact that we must maintain the adequate military force which is provided in present law.

Mr. SMITH of Iowa. Mr. Chairman, will the gentleman yield?

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

Mr. SMITH of Iowa. I have no quarrel with what the gentleman says about the number of men needed in the armed services and I am not one of those who think that you can have a few men and get by just because you have a lot of new weapons; nor do I believe that the country that uses equipment that costs the most will necessarily win the war. Many of us remember that in the early days of World War II there were those who said that whoever had the most poison gas would win the war in a few days and that there was no need for a large ground force. We carried those gas masks all during World War II and never did use them. Each side was afraid to use the gas for the fear the other side would retaliate. What has happened in the past will probably happen again. What has actually happened in the past is that the nation that had the greatest number of ground forces could cover the ground while they were being delivered supplies by sea and being protected by the air and that is what won the war. I assume that the same thing may happen again.

I listened to the gentleman's reference to the figures in his report on page 38. I am interested also in the figures on page 32 which show a very low percentage of reservists. I think we are all aware of the tremendous assets of the Reserves, and those of us who were first baptized into what you might call the mores of the military in the early days of World War II know the extremely important part that the Reserves played. As a matter of fact, everywhere we looked the Reserves were doing the work, and so many of what one might call the West Point professional goldbrick golfers took almost a year to get the rust out of their joints. That is just about the situation that existed at that time. The Reserves are a terrific militant force, and they earn incomes and on an average pay more than enough income taxes to more than pay for their own cost of training, and in that way they sustain themselves.

My question to the gentleman from Texas is, Why is it that we do not have more Reserves and especially Ready Reserves instead of having to turn to these 2-year inductees?

Mr. KILDAY. There are a number of questions involved in the gentleman's one question. For a very long period of time the inductee going out of the service was not required to perform Active Reserve service. There was a hiatus in the law under which there was no power in the Military Department to assign the man with a Reserve obligation to a Reserve unit. That situation is being corrected now where we take men in for a 6-month training period and they then go into the Reserves or the National Guard. And the 2-year inductee has a Reserve obligation which must be discharged in a Reserve component unit. So the Reserves are going to be built up more in the future.

Of course, the number that you can retain in pay status is going to depend upon the amount of money appropriated by Congress for that purpose.

Mr. SMITH of Iowa. Is the military department willing to cooperate in maintaining a large Ready Reserve force to take the place of some of these inductees? Or is there something that could be done other than merely extending the same law for another 4 years?

Mr. KILDAY. I mentioned as part of the Reserve problem a minute ago that Congress requires the maintenance of a larger Reserve force than was requested by the President and the Department of Defense. That will remain the law until June 30, 1959, unless a similar provision or the identical provision is placed in the appropriations for 1960. That floor will not be under the Reserve components after July 1, 1959; and it is the intention of the Department of Defense to go ahead with that reduction. That is contrary to what Congress feels as expressed in the appropriation bill; and the mandatory language used in that bill.

Mr. SMITH of Iowa. Then is it fair to state, may I ask the gentleman: Those of us who feel that there should be more

Ready Reserves to take the place of some of these 2-year inductees, the thing to do is when the appropriations come up to be working at that time for a larger appropriation?

Mr. KILDAY. That is about what you are going to have to decide, if you are going to decide to use ready reservists, completely in lieu of men on active duty, but your active duty force is going to have to always and inevitably be your first line of defense. Reserve components come afterward.

Our Ready Reserve is quite considerable, 2,443,047 as of November 30, 1958. This is as of November 30, 1958. In the National Guard it is 434,274, the Army Reserve 998,477, Naval Reserve 543,588, Marine Corps 216,161, Air National Guard 70,377, Air Force Reserve 182,107. In addition to that you have the Standby Reserve, a total of over a million and a half. Then you have, of course, the retired Reserves which I do not believe should be taken into this calculation, although it is continued in the Army National Guard figure.

Mr. SMITH of Iowa. It is my understanding that there are a number of 2-year inductees that were taking basic training. They told me that after the basic training, they were shifted to some camp, and mostly for the balance of the 2 years they looked at the side of barracks and learned how to goldbrick. Why are the boys not sent home so that they, while keeping abreast of the changes during the weekly training periods, can get a job, support themselves, and pursue their civil status?

Mr. KILDAY. I do not know how it is operating in Iowa, how these boys were handled while they are in for 2 years. The fellows from Texas I see do a pretty fair 2 years of service and they carry out their Reserve obligations after they return from 6 months or 2 years of service. That is my experience with that. I think there is one thing involved in the gentleman's thinking that perhaps should be mentioned and that is the attitude of the administration at this time. They think it is safe to reduce our Reserve component strength at the same time they are reducing the Regular component strength. That is a proposition with which I personally do not agree, and I do not believe a majority of the Committee on Armed Services agrees to that. It is quite evident that the majority of both Houses of Congress do not agree to that. That was because of language placed in the appropriation bill last year. But that is the stated policy of the administration at this time, that they will reduce the Reserve components while reducing the Regular components. That is contrary to the things that this committee has said here and that we have sold to the Congress over a period of years.

Mr. SMITH of Iowa. One last question. We have long since given up hope of getting anything with our leadership in the White House. The point is if they will not take the leadership on this, is there anything that the Congress can do?

Mr. KILDAY. I am not going to blast the White House today because we are on the same side. We are doing all right as of today. We will take that up when we get to another subject.

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

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

Mr. GROSS. The gentleman is aware that the Reserve officers met here only very recently, in the past 6 months. I have never had so many complaints from Reserve officer organizations or from Reserve officers complaining of the lack of programs. What has happened to our Reserve program? Do we actually have a Reserve, except on paper?

Mr. KILDAY. I think we have the best Reserve components now that we have had within my experience. We certainly have a very fine National Guard with six divisions anticipated to be ready for very prompt service.

Mr. GROSS. I am speaking of the Reserves.

Mr. KILDAY. I was coming to that. We have the Reserve organizations. Some of them are excellent. The Air Force Reserve I am acquainted with is fine. They have their planes that they fly regularly. A good many of them are troop carriers. They are ready to take off at any time.

Mr. GROSS. The Air Force Reserves is one of the Reserve organizations in my district that is complaining the most that they do not have proper training courses.

Mr. KILDAY. I do not know what has happened in Iowa. The gentleman complains about his State. If that is the experience in Iowa I do not believe it is in accordance with the majority of the experience in the United States.

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

Mr. KILDAY. I yield to the gentleman from Vermont.

Mr. MEYER. Did I understand the gentleman to say that in some measure he believes the privates in our Armed Forces could not earn more elsewhere, and they are getting all they are worth? It is my understanding that many of these young men could make much more than that. I would like to say that farming is generally considered a low-paid occupation, and I know of young men that would compare with privates that make as much as $40 a week and their room and board to help on farms.

Mr. KILDAY. These young men also receive medical care and 30 days leave and medical care for their families?

Mr. MEYER. No; I did not say that. Did I understand the gentleman to say that privates were only getting what they were worth?

Mr. KILDAY. No; but I will say to the gentleman, if he had been here as long as I have, he would not let anybody run him into a hole like that. What I was saying here was—and I mean it absolutely—that when you start talking about substandard pay and forced labor for far less than the going wage, you must take into consideration that $78 is the least that anybody in the military service gets, and that in addition to that he gets everything that goes into his living except his toilet articles, his haircuts, and his laundry, and that must be taken into consideration along with all of these other benefits.

Mr. MEYER. I understand that.

Mr. KILDAY. As to what a boy can do in the service, I will go further than that. I know of nothing that the average high school boy can do in the United States—I am not talking about the man going to college; I am not talking about the man going into a family business or who has a lot of investments to see him through the rest of his life; I am talking about the young man out of high school. Usually he is going to work in a bank or in a business or a factory or anywhere else. But, there is nothing in the world that he can do that will guarantee him the future that enlisting as a recruit in any of the military services will guarantee him, and guarantee him the right to retire after 20 years of service, when he is only about 38 if he goes in directly out of high school, at one-half of his pay, and if he behaves himself and works hard in the military service, as he would have to do in any private employment, he will have advanced to a position in the military establishment where he will be well and adequately taken care of after 20 years and his dependents taken care of thereafter; and if he goes for 30 years, when he is only 48 years of age, he will come out with 75 percent of his base pay. And if he has worked the way it is anticipated and hoped that he will, he will go out with a trade, as a trained worker; and he still has quite a little time to work before he starts drawing his social security. And, among the benefits I failed to mention awhile ago is that now these military people are also full participants in the social security program in addition to all of their privileges and benefits as to retirement and what-not in the military services. They were granted both, without a deduction of their retired pay. They are the only public employees in the United States who have the full privilege of noncontributory retired pay and of social security, too.

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

Mr. KILDAY. I yield to the gentleman from Oregon.

Mr. PORTER. If the program is so attractive, then why has it not been sold, in which case there would be enough volunteers?

Mr. KILDAY. One reason is that too many men in this House get up every day and say there is nothing available for the military serviceman. That is one of the reasons. And, another reason is that there are some people in high places in the Military Establishment who, as soon as we pass one benefit, start seeking another benefit.

Mr. PORTER. I do not understand the gentleman. Does he mean that if we changed our statements here they would not try to get more benefits?

Mr. KILDAY. I know the gentleman is attempting to run me into another hole.

Mr. PORTER. I hope not.

Mr. KILDAY. I have told the gentleman where I stand on it, and that is

the situation as it exists. Is the gentleman going to vote to extend the draft?

Mr. PORTER. I doubt it.

Will the gentleman yield for a further question?

Mr. KILDAY. Yes.

Mr. PORTER. I do really want to understand the gentleman's point about what this House should do differently so that volunteers would fill our ranks instead of conscripts. I would appreciate the gentleman's answering the question directly.

Mr. KILDAY. I will attempt to answer the gentleman directly.

What the gentleman was asking me was one of those old "Have you quit beating your wife" questions. If the gentleman takes the position, if it is so attractive why do not more people enlist, I answered him that one reason, and I assure the gentleman it is a very substantial reason, is because some people in the Congress of the United States, who are not conversant with the benefits made available to members of the Military Establishment, continue to make speeches to the effect that we pay them practically nothing, that we use the draft to secure forced labor, and things of that kind. That goes out to the young men of the country. They do not know any more about the facts than the gentlemen who make those statements, so they believe it.

Mr. PORTER. I have never heard such a speech in the brief time I have been a Member of this House.

Mr. KILDAY. Has the gentleman listened to himself on occasion?

Mr. PORTER. I have never made such a statement. If the gentleman would point it out to me, I would be glad to have him do so.

Mr. KILDAY. I yield no further to the gentleman.

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

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

Mr. FULTON. I want to compliment the gentleman on his stand because, of course, we have the draft for the protection of our country. Also, we ought to remember that the majority of servicemen are not drafted, they are volunteers. They might have the feeling they might be, but at least they go into the service voluntarily. I think it ought to be a career service, and I agree with the gentleman on that. Many people like the service. Those in the Reserves think it is a fine group and one of the greatest organizations we could ever belong to.

Mr. KILDAY. On the face of the figures I used before, of the 900,000 we had in the Regular Army up to the beginning of fiscal 1959 only 250,000 were draftees, so 650,000 were volunteers. But the others are not military career men.

Mr. ARENDS. Mr. Chairman, I yield such time as he may desire to the gentleman from Massachusetts [Mr. BATES].

Mr. BATES. Mr. Chairman, I rise to support the bill reported from the committee. I recognize very well, after the brilliant exposition by the gentleman from Georgia [Mr. VINSON], precise and yet comprehensive, that there is little that could be said that would not be redundant, but I do believe we should emphasize some of the things which he called to our attention.

Constantly interwoven into the fabric of our people, from the inception of the country even until today, is the abundantly clear picture that our people are not military minded. Many escaped from the Continent in the hope of being free of the militarism of Europe.

While there is a justifiable pride in the uniforms of the armed services and a willingness to serve when the threat to our security appears imminent, yet in the normal course of events, Americans are predominantly civilians at heart. It is good that this is so. Still in a cold war which presents dangers that are real, if not imminent, the military posture of defense cannot be attained without a draft at the force levels considered necessary to our security.

In an ardent and natural desire to eliminate the draft, it has been suggested that a more attractive service could be composed of entirely professional men and women. For many years, the Armed Services Committee has dedicated itself to improving the services as a career and much beneficial legislation toward that end has been enacted.

Family housing has been augmented to a great degree, commissaries and post exchanges have been improved, reenlistment bonuses have been increased, incentive pay has been added, survivors' benefits have been enlarged, retired pay will soon cost a billion dollars a year, and the Contingency Option Act permits servicemen to leave annuities for their families in the event of death after retirement. There are other meritorious programs and all have had a considerable effect upon those who would consider the service as a career. However, the gap between those who would serve voluntarily and the number required by the Department of Defense is still a wide one. While estimates vary, a reasonable judgment would reflect a shortage of approximately a million men if the draft was to be terminated.

While the draft has been universal in its title, it never has been in fact. While universality implies a degree of fairness that a selective service program does not suggest, it is not realistic and creates more problems and inefficiencies than the program currently in effect. Last year, the Congress established new ground rules and tightened the standards for inductees. Since that time, the services have increased in efficiency, added to their combat effectiveness, and in the case of the Army, three out of its five detention barracks have been closed.

Under present procedures today, 7 out of 10 of the young men reaching the age of 26 have entered the service and 9 out of the qualified men have been called to active duty.

While it would be appealing to most of us to extend the draft for a period of less than 4 years, I would suggest that there is nothing on the horizon which encourages us toward the belief that the dangers and tensions are liable to be lessened during that period. Nevertheless, it is incumbent upon our committee to review this matter constantly and take any action in the interim that circumstances dictate.

The last two extensions of the draft have been for a similar period. Let us face the facts grimly and tell the world that we shall remain strong until there is better assurance that we can live in a peaceful and honorable world without the need of military strength to assure that great goal which we all seek.

Mr. ARENDS. Mr. Chairman, I yield 5 minutes to the gentlewoman from New York [Mrs. ST. GEORGE].

Mrs. ST. GEORGE. Mr. Chairman, it would certainly be superfluous for me to add anything to what has been said on this bill. The bill has been eloquently, clearly, and intelligently discussed by the chairman of our committee, by the ranking member, and by the gentleman from Texas [Mr. KILDAY], and others. These people have labored long in this field—far longer than I have. They have forgotten more about it than I will ever know. But I would like to say something on this very subject. All those who came before us from the Department of Defense testified in favor of this piece of legislation. There were no ifs ands, or buts. They told us very frankly that we needed the extension—the 4-year extension—of the draft for the safeguarding of our country, first, and also for the preservation of freedom in the world.

Now, Mr. Chairman, it seems to me we must remember one thing in these days, and that is that military science is the field of experts. It is abundantly clear to me from what I have heard on this floor today that many people speak about these things more with their hearts than with their heads. While this has been an extremely laudable thing, and we are all trying for the same goal, it is not a valuable contribution. We have to listen to experts in defense. We have to listen to our leaders, military, naval, Air Force, members of the Joint Chiefs of Staff, and others who have this problem in their life every day, men who know what we are up against. It is impossible for everyone in the United States to understand the formidable adversary that we have and what it may mean to our country. For this reason, Mr. Chairman, I hope this House will heed the warnings of those people, who want peace just as much as anybody wants peace, and finally, Mr. Chairman, to paraphrase an old expression, only the strong deserve peace. We cannot be strong without the passage of this draft act. Many of us deplore it. I deplore it. It was my hope that the age be lowered. I do not like to see our young men kept on the string so long, until the age of 35. But I bow to the knowledge of those who have studied this question and who also want our young men to have all the freedom that they can possibly have for a brilliant and prosperous future. But how can they have that brilliant and prosperous future unless they and we keep our country strong, even if it is at some sacrifice. I believe that our people, by and large, want us to keep this country strong, so that we can insure a lasting and just peace.

Mr. MEYER. Mr. Chairman, will the gentlewoman yield?

Mrs. ST. GEORGE. I yield.

Mr. MEYER. I would like to say that perhaps the testimony of some of the

personnel of our Armed Forces has not been heard. In personal conversation with one of our highest ranking generals, he said he did not favor the draft.

I have a letter, dated Washington, Kans., January 13, which refers back quite a few years to Adm. Hillen Koetter and, if you will bear with me, it says:

> If he would have spoken out publicly he would have gotten the ax one way or the other.

Mrs. ST. GEORGE. May I say to the gentleman that, after all, I can only quote the testimony in the hearings. If people write letters in which they say "if they had spoken out publicly," I cannot know what is in the back of their minds. I thank the gentleman for his contribution.

The CHAIRMAN. The time of the gentlewoman from New York [Mrs. ST. GEORGE] has expired.

Mr. ARENDS. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. BECKER].

Mr. BECKER. Mr. Chairman, the gentleman from Texas [Mr. KILDAY] opened his remarks by saying that if anyone was elected to the House of Representatives under the illusion that all he was going to have was a happy time and not have to look forward to the day when he had to vote on unpleasant things, now is the time he would find one of the unpleasant things facing him and facing all of us. I want to agree with all that has been said by the chairman of this committee, the gentleman from Georgia [Mr. VINSON]. In my time on that committee I have developed not only a great respect for him, but a great admiration for the time and the knowledge, the capability with which he handles all problems that come before the Committee on Armed Services. I pay my compliment to the gentleman from Texas [Mr. KILDAY] for his knowledge and his ability and for the presentation he has made before us.

I just want to say, of course, there are opponents to drafting our men into the service, but most of us have served in the military in one war or another and served on the battlefields of the wars.

Our sons, too, have served in the military service and served in the wars of this country, particularly in World War II and in Korea.

Today there is no doubt in the mind of anyone that with the cold war so prevalent that we must maintain our forces at a strength that will be the greatest deterrent to any potential aggressor. But one thing comes to mind and is very clear today, and that is why I take the floor.

You know when the war was on, and particularly World War II, I remember how everyone bowed to our military leaders in the field, and on every proposition that would come before Congress how readily they adhered to and how willingly listened to the advice given to us by our military men. We felt they were leaders of great experience and that when our sons went into battle they would go under competent leaders. So we followed their advice very willingly because the bands were playing, flags were flying, and the guns were rumbling in our ears; so we listened to them. But is it not strange that when the fighting stopped we did not hear the bands any longer or the rumbling of the guns and we begin to tell our military leaders how they should run their affairs.

I do not subscribe to that. Surely they can make mistakes in judgment. So do we here in this House.

But just think of it. In the hearings we have had before our committee the top civilian minds on defense, the top military minds on defense, testified not merely as to the need of the continuance of the draft but also the fact that we need it for necessary planning for a period of 4 years. All of us listened day after day to the testimony, and I assure you that with the questioning that took place I could not even remotely doubt the sincerity of these people who believe in the program for this and other reasons which the military stated.

And I say to you that this is a very unpleasant task for me to vote again that my neighbor's son must be drafted into the military service. But I also recognize that I have a responsibility assumed when the Speaker administered the oath of office to me every 2 years, a responsibility to my Nation. I shall maintain that responsibility, and I am sure the great majority of the Members of this House will assume their full responsibility today and enact this legislation as presented by the great chairman of the House Committee on Armed Services.

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

Mr. GROSS. Mr. Chairman, I am still unable to understand what is sacred about the figure 4, that is 4 years, why this act must be extended for 4 years. I have read the hearings and I find no logical argument for continuing the Selective Service Act for 4 years.

In my opinion, the situation we have here today is healthy in that the Armed Services Committee should come to Congress on this subject at least every 2 years. I would prefer a 1-year extension, but I am willing to compromise on 2 years. I cannot support 4 years.

In reading the hearings, on page 38, I find a statement by the distinguished gentleman from Virginia [Mr. HARDY], a member of the Armed Service Committee. The gentleman from Virginia [Mr. HARDY] stated:

> The thing that I am going to be particularly interested in understanding as we proceed with this bill is, No. 1, we are increasing the enlistment rate, and No. 2, we have stepped up the voluntary enlistments, and No. 3, we are reducing the size of the Reserves, we are reducing the size of the active forces, and still we talk about having to continue with the draft program.
>
> Now, if we have to continue with the draft act in order to get people to voluntarily enlist, maybe that is a necessary evil. But it is a little difficult to understand why we need to continue the draft act for 4 years in the light of improvements in enlistments and reenlistments, and all of the other incentives that have been created, coupled with the fact that we are having a reduced regular service and a reduction in the Reserves—and where in the world are we going to put all these boys that are coming in under the 6-month program if we are going to continue to reduce our Reserve forces.

I read that statement by the gentleman from Virginia and then I read quite carefully the rest of the hearings, but I find no answers to the questions he raised. Perhaps there is someone on the committee who would be willing to provide some of the answers today.

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

Mr. GROSS. I am pleased to yield to my friend from Virginia, who is one of the most diligent and hard working Members of Congress.

Mr. HARDY. I am not going to try to answer the questions which I raised myself, but I do want to say to the gentleman that one of the purposes I had in mind in raising that question was that I am considerably disturbed by the attitude of the Department of Defense in reducing our standing forces below that which the Congress indicated they ought to maintain. That was the purpose I was trying to develop at that point.

Mr. GROSS. The gentleman raised other good questions. He will agree with me, I am sure, he did not get answers to some of his questions.

Mr. HARDY. I will have to agree with that. The Pentagon frequently does not give all of the answers it should.

Mr. GROSS. On page 36 of the hearings, and I would like to reiterate and reemphasize this, we have the testimony of Assistant Secretary Finucane in which he stated:

> So it seems to me that 4 years has become established by custom.

What are we asked to do today, extend conscription of American boys for 4 years to satisfy custom or are we extending the Draft Act because it is necessary?

Then I turn to page 47 and refer to the testimony in part of General Taylor:

> Finally, I would just say that in the present international climate any reduction of the time of our draft extension would suggest, I am afraid, to our allies, that perhaps we don't think the situation is particularly serious, and I think it would have serious adverse psychological impacts abroad as well as at home.

Are we being called upon to extend the Draft Act for 4 years to please foreign governments, or are we extending it for 4 years because it is necessary?

I call attention again to the table to be found in the hearings on page 50 and refer to the periods of obligated service in foreign countries and the fact that the British are contemplating eliminating their conscription program altogether in 1960.

Mr. Chairman, I am opposed to a 4-year extension. I hope the amendment to extend it for 2 years will be adopted, and I would prefer to support an amendment for 1 year.

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

Mr. VINSON. Mr. Chairman, I yield 5 minutes to the gentleman from Connecticut [Mr. KOWALSKI].

Mr. KOWALSKI. Mr. Chairman, in our present circumstances, we have no alternative but to extend the military draft. The question that is being debated on the floor today and in your

minds is whether we should extend the draft for 2 years or for 4 years. The more fundamental problem that we in Congress must determine in the near future is the question whether there may be a better, more effective and more efficient way of raising an army and recruiting our military forces than by means of the draft.

Can we, for example, set up such incentives that a volunteer system would provide all the men needed? Or can we depend on a standby draft or some other method yet to be determined? There are many in the services today who prefer the volunteer system.

The Commandant of the Marine Corps has proudly announced that his is a volunteer force. General LeMay, in his testimony before the Armed Services Committee, specifically, in answer to my question whether the strength of the Air Force would be affected if the draft were extended for only 1 year, replied that the strength of the Air Force would not be affected. This is significant testimony.

As some of you may know, I have recently retired from the Army after 33 years of active service. In the light of my experience, I have no hesitation in telling you that there are thousands of American soldiers performing duties completely unrelated to our security effort and contributing nothing to our capability to defend this Nation. Hundreds of men are serving as houseboys, cooks, laundry boys, maids and servants for our senior officers. Other hundreds are being used in jobs of limited military value. In the Pentagon, there are sergeants, on whose training we have spent thousands of dollars, being used as mess boys and waiters. There are a large number of senior noncommissioned officers in the Pentagon who have not worn a uniform of their service for years, but are dressed instead in the neat black suits of chaffeurs.

Very bluntly, Mr. Chairman, I do not want my son or the sons of my constituents to be drafted to serve as a laundry boy or waiter for anyone in the military services.

I am convinced that Congress has the obligation to take a hard, critical look at the utilization of enlisted men in the military services. I believe that after this hard look is taken, this Congress can literally shake out one or two divisions of troops in the Army. I think we can eliminate hundreds of jobs now being performed by enlisted men or convert many of these military billets to civilian jobs.

I am pleased that our distinguished chairman of the Armed Services Committee has established a special subcommittee to study the utilization of military manpower. I am convinced that this subcommittee will come up with recommendations for better utilization of enlisted men in the military services. I am hopeful that this subcommittee will recommend to Congress a more effective and more efficient method than the draft for recruiting the men we need to defend our Nation.

I feel that our main concern at this point is not whether the draft should be extended for 2 years or for 4 years, we know it must be extended. Our real concern, I believe, is whether or not some alternative system, other than the draft, may not be better for the armed services and better for the country.

It is my hope that from the study to be started soon by the special subcommittee of the Armed Services Committee, there will come recommendations for a better method of recruitment than the military draft. And it is my hope that the Congress will accept the findings of the special subcommittee.

The fact that this study of our military manpower system is being made by this special subcommittee should alert our military leaders to the fact that they cannot lean indefinitely on the crutch of the draft to maintain the necessary manpower level.

Mr. Chairman, I believe that the study being initiated by the special subcommittee can make a tremendously important contribution to our national defense program. It is my hope that from this study there will result a better use of men in the services and a recruitment program that will give us adequate defense forces under a system based on our American principle of equal and fair treatment for all.

Mr. VINSON. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania [Mr. RHODES].

Mr. RHODES of Pennsylvania. Mr. Chairman, in recent weeks I have received a lot of mail from my constituents and from national religious leaders and others in opposition to the extension of the Draft Act.

Many questions have been raised as to whether better ways are possible in providing for our national defense and security.

Therefore, Mr. Chairman, I feel that there is considerable merit to the proposal for a 2-year extension and the selection of a committee to make a thorough study of our Selective Service System.

In the minds of many of our citizens is a belief that under the present draft law there is tremendous waste, not only of money, but of talented youth, who may give more valuable service in our national defense than by serving in the Armed Forces.

Serious thought needs to be given to suggestions to increase military pay and inducements to bring an adequate number of volunteers into our Armed Forces.

These are only a few of the reasons, Mr. Chairman, why I expect to support the amendment which will be offered for a 2-year extension.

I have profound respect for this committee and its distinguished chairman. I believe that we have little choice but to extend the draft law. But I sincerely believe that these most challenging and dangerous times call for a more thorough study of this crucial issue.

We in the Congress have an obligation to give full and serious deliberation to the effect of this program on the lives of the Nation's young men subject to its provisions.

In the present operation of the military conscription law less than half the young men of draft age actually enter the Armed Forces. There is much waste of manpower and talent. This and other inefficiencies associated with the present system need to be carefully reviewed.

According to the report of the Cordiner Committee, partially implemented by the last Congress, the solution to the personnel problem in the Armed Forces today "is not to draft more men to stand and look helplessly at the machinery, but to give the man already in the Armed Forces the incentives to stay long and try hard enough to take on higher responsibilities."

One of the basic reasons given for supporting the Career Incentive Pay Act last year was that it could eventually eliminate further need for conscription. Controls have always been repulsive in our free society. We accept them only when we must in the national interest.

But now dynamic changes are taking place in military concepts and strategy. Reason, good sense, and sound judgment call for a most careful and thorough study of the whole question.

A logical approach to this problem is to renew the draft law for 2 years, and to establish a special commission to study all of the aspects of the military manpower problem.

This, Mr. Chairman, is the way to a stronger Nation, not only in a military way, but morally and economically, and in winning the respect of the free world.

Mr. VINSON. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. ROOSEVELT].

Mr. ROOSEVELT. Mr. Chairman, it is always a difficult decision to oppose the distinguished and experienced gentleman from Georgia [Mr. VINSON]. The Navy and the Defense Departments have benefited from his guidance for many years. So it is with profound reluctance that I find myself in agreement with the powerful argument of my colleague from Iowa [Mr. WOLF]. The inadequacies, the extravagant waste and cost, the favoritism and discrimination in favor of those able to go to college, the strain put upon those seeking jobs but subject to the draft, the proven inability of those drafted to see any desirable future in the Armed Forces, the many claims of poor training even while in service, all these and more point to loud warning signals. Granting it would be unwise to drop the draft until a satisfactory system of providing military manpower is found, I see no justification for extending it for more than 2 years. In that time a strenuous effort to find a better way could be undertaken. Extension for 4 years merely means the soul-searching examination will be postponed and the standpatters would be further encouraged. The needs of our national defense are such that it seems a strange argument that we should extend for 4 years an admittedly weak program. We need and must have only the best. This bill postpones the best until it may be too late. The argument that a 2-year extension would be a sign of weakness is not convincing if in the meantime we were making strenuous efforts to get a really sound system in operation. And if the Defense Department can only operate if it has a 4-year authority, it shows how inflexible and therefore in-

efficient is that Department. I shall vote for a 2-year extension; if that fails I shall vote for the bill but with the hope that the Armed Services Committee will press for a better system of attaining our military manpower and present it to the House within a year.

Mr. VINSON. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. STRATTON].

Mr. STRATTON. Mr. Chairman, I rise in support of H.R. 2260, both as a very junior member of the Committee on Armed Services and also as one who has been connected for the past 16 years with the Reserve Forces of our armed services.

Mr. Chairman, as we debate this bill we are at present in the midst of a great debate that has gone on in the newspapers and also at the other end of the Capitol on the subject of whether we are today doing enough to build up the Armed Forces and the national defense of the Nation, specifically with regard to missiles, and whether we are doing enough to stay ahead of the Soviet Union in this regard. In fact, as part of this examination, we of the Armed Services Committee have been having the advantage of testimony by the Secretary of Defense on this subject and have been examining him at length. I for one am not sure whether we are doing all that we should be doing. I am not sure whether we are perhaps not incurring too great a risk in the decisions we have made, too great a risk in the great struggle that is going on between the free world and the Soviet Union.

It could well be that as a result of our deliberations the Congress will decide more money should be spent in this area and that greater emphasis should be called for to provide for the necessary defense. How may we, if we are likely to call for a greater expenditure of money to provide for the national defense, expect to get by in providing for that defense with anything less in terms of personal effort, anything less in terms of personal sacrifice? There is no easy way, it seems to me, to peace or strength or freedom.

We hear a great deal about push-button warfare, but no one has yet come forward with any scheme that would eliminate the human individual, no immaculate way to provide for military strength. Some of the great nations in the world's history are no longer great, chiefly the Roman Empire, because they felt that there was some soft or easy or convenient way of remaining strong, and because they were unwilling to make what sacrifices might be needed and to do some of the hard and unpleasant jobs that were required to maintain their strength.

Let us today, Mr. Chairman, not follow down that same easy, tempting, but disastrous path. Let us not call for more billions for the construction of missiles and then give ourselves or the American people the misleading impression that security can be found without effort and hard work on the part of our citizens universally.

I think that there has been an impression given that perhaps service in uniform is something that ought to be avoided. The truth has sometimes been lost sight of that military service ought to be something regarded as a part of citizenship, something that is an opportunity to take part in a greater and a different way in the necessary operations of a free government.

I think sometimes we have been inclined to stress too much the rights of democratic citizens, Mr. Chairman, without recognizing that there is a corresponding responsibility and obligation. I doubt if we could raise the funds that may be necessary to meet the increased effort in missiles and other forms of advanced technology simply through voluntary contributions by the citizens of our Nation. We have taxes and yet, Mr. Chairman, no one has suggested in this House that because we have compulsory taxes, democracy is going out the window. I think we, as a nation, should recognize there is a great deal to be said for the citizen soldier serving as a part of his citizenship and that it is not necessarily the right way to expect that we can build our strength purely on paid professional mercenaries.

I had the privilege, Mr. Chairman, of sitting in the gallery of this Chamber in August 1941 when this measure was up for its original extension and when the extension, as the distinguished gentlewoman from Massachusetts [Mrs. ROGERS] remarked yesterday, carried by a single vote. Nobody will, perhaps, know to what extent that vote may have persuaded the Japanese military war lords to press their surprise attack on our country which materialized some 3 months later, an attack that even then was in the planning stage. Let us join together, Mr. Chairman, in supporting the legislation as it has come from the committee so that when the vote is taken our enemies and also the people of the United States themselves will know that the American people today, no less than in the day when George Washington was at Valley Forge, are not summer soldiers or sunshine patriots, but that we still stand ready and determined to do everything that is necessary to keep us strong and to keep us free.

Mr. VINSON. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. WAMPLER].

Mr. WAMPLER. Mr. Chairman and fellow colleagues, I speak to you at a time when things so preciously dear to us are endangered in the world today. The defense and security of America requires support in a department that could determine our very existence in the days that lie ahead. I refer, fellow Members, to the extension of the Selective Service Act for 4 more years. As a member of the Committee on Armed Services, I have had the privilege of listening to the recommendations of our top leaders who are charged with guiding our military forces. Their comments were of a serious nature and displayed a great concern with our military end-strength and manner of providing adequate manpower which will meet the military needs of this great country. To me, such a decision is of great importance since it affects the lives of thousands of young men aspiring to mold their careers as they so choose. As a former football coach, my entire life has been devoted to guiding and counseling thousands of young men in all phases of life. As a commanding officer of a Reserve unit, I have had the privilege of channeling thousands of young bluejackets into the U.S. Navy. In all my observations, I have found the Military Establishments at a loss when it comes to procuring the number of personnel necessary to perform their assigned tasks, which are so vitally necessary. Possibly, this is due primarily to your responsibility and my responsibility and to all of the military laymen in the United States of America. I say we possibly have not encouraged our youngsters to go into the military as we do in other fields of endeavor. Therefore, it is my privilege to recommend that we endorse this bill and have the Committee on Armed Services review it every year, and then when we find that it has served its purpose to discontinue it.

Mr. VINSON. Mr. Chairman, I yield 5 minutes to the gentleman from Oregon [Mr. PORTER].

Mr. PORTER. Mr. Chairman, I rise to express misgivings about this bill; misgivings which I know some of my colleagues share. I know that we agree with the gentleman from New York [Mr. STRATTON] that we want to show the world, and of course this Nation, that we as a Congress are ready and determined to keep ourselves strong and free. There is no question about that. I do not have any illusions about what will be done today. This bill will pass by a big vote.

I am a member of the Reserves, and have been for many years. I served, as many of you did, in World War II. Like many of you, I have boys who will soon be eligible to be drafted. I am certainly against the 4-year extension. The 2-year extension brings it before us again in 2 years, to make another hard decision to draft boys. That is a hard decision that we ought to face at least every 2 years. I hope it will be only a 2-year extension.

I also have misgivings about the time that was given for public discussion of the draft law this year. I have great respect for the chairman of this committee and for the committee. Perhaps if I had served on the committee and sat there and listened to the testimony these misgivings would not be in my mind. But they are there, and I want to express them. It is interesting to note that four freshmen Congressmen have been expressing their misgivings. They have been almost alone on the floor today in expressing their misgivings. It may be that they need more experience, too. Perhaps they do not realize what is involved. Of course everybody admits that this law has many unfair aspects. We pay doctors and dentists more. They are making sacrifices. Other people are also making sacrifices, doing jobs at less than the market price. The draft is far from universal. It favors boys who can go to school, boys who can afford to get married, boys who can go abroad. But that is not the point. The point is, Is the national security dependent upon the extension of this law? I cannot believe

that forcing boys to serve for 2 years is fundamental to our national security. Is this the best use of our defense dollar? What are the feasible alternatives? How can you vote not to have the draft? What would happen if we did not vote to extend the draft? I am sure that the Armed Services Committee would very quickly make arrangements, and that the Defense Department would be up here with testimony on a number of feasible alternatives on what we could do to have a force made up of volunteers, volunteers even as people who work in our civil service are volunteers. What would we do if we arranged to do away with the draft? The gentleman from Connecticut said that this program should have a hard, critical look. I agree. I hope that a subcommittee will give it this look. I have heard that the subcommittee has many newly elected members on it. I also hope there would be a hard, critical look given by some civilian organizations, made up of persons who are informed and concerned; people who want to see a better method of achieving our military security than by an unfair peacetime conscription.

I intend to cast a vote against this bill because I am not convinced that peacetime conscription is necessary to keep America strong and free. I am convinced that there are more feasible alternatives.

The CHAIRMAN. The time of the gentleman from Oregon [Mr. PORTER] has expired.

Mr. VINSON. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. DOYLE], which will close the debate on this side.

Mr. DOYLE. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and include pertinent material.

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

There was no objection.

Mr. DOYLE. Mr. Chairman, I think that many of my colleagues have learned during these 12 years that I have been here in Congress that it is not easy for me, because of my beliefs and background, to support a 4-year extension, nor to favor a draft. In view of the very brilliant debate, both for and against the bill, which has already occurred I would not speak if I did not feel a sense of duty to do so. But there are a few thoughts that I wish to express that have not been mentioned quite enough, in my humble opinion. Also a few points that not even yet, been pointed up to position.

Therefore, I will take this brief time to give you, extemporaneously, my viewpoint. As you know, I am a member of the Armed Services Committee. I sat in committee during the presentation of this problem to the committee during a week of hearings. Let me say again, I have not felt comfortable to conclude to vote three times previously for the draft. But due consideration of our Nation's survival forced me to. And may I say to you Members who are opposing this on manifestly sincere beliefs in religious principles—I recognize that two or three of you have emphasized that and I think that a couple of Members have sort of implied, although they did not do it in any mean attitude or of disrespect, but they did imply a sort of feeling that maybe members of the Armed Services Committee which submitted this bill for some reason or other, were being bossed or controlled by military thinking and wishes or dictates. May I assure you that the 37 members of the Armed Services Committee are not less dedicated; are not less free of outside control; are not less free of prejudice or bias than are other Members of this House who are not on that committee. And may I also say to you frankly, that I have found that members of the Armed Services Committee are a group of patriotically dedicated men anxious for world peace just as much as any men in this House. I know some pray for peace with humility and faith. So I speak conclusively myself, as one of those men just as anxious for world peace and just as dedicated to a proposition that, pray God, there shall never be another war. But, Mr. Chairman, may I say to you that having traveled in Europe, in the Black Sea area, and in the Mediterranean area this last summer as I did, having the benefit of being briefed by military personnel at the top level in England, France, and Germany, in Switzerland, in Italy, in Greece, and in Turkey, and in the Mediterranean and Black Sea areas, I came home convinced, even though I did not want to be, that I could not again fail to vote for the extension of the draft if the military declared it again a necessity for our survival. I hoped it would not be for more than 2 years, at most. That was my humble judgment. But I came from that experience last summer in my studies for the Armed Services Committee overseas and the experience before the committee hearings all last week constrains me to now say to you, that I shall vote for the 4-year term. Whenever I find another man disagreeing with me, I thank God I live in a nation which does not let us force him to agree with me.

The word "survival" has not been used in this debate yet today; it has not been mentioned by a single soul. Yet, if I did not believe that we are in a fight in which our very survival is at stake as a free nation, I would not vote for any draft. But that is the sort of world we continue to be in today. We will be for some time, I fear, you cannot gainsay. I know of no evidence and do not believe you do, from any sincere religious body or any other group, that constrains me to believe that we are not in a cold war, which could become a hot war. Our potential enemy leaves us no choice but to continue to be militarily strong enough to defend ourselves.

And we are close to a hot war. I was in a certain part of this difficult world this summer in my official work, where I saw submarine nets stretched across a very, very narrow opening between two great bodies of water; at each end of those indicative and warning nets was a warship of the Turkish nation, a faithful ally and friend, ready to draw closed those submarine nets on a moment's notice. It made me realize how difficult a problem our military and Executive has. If that is not getting about as close to a hot war as any patriotic American wants to get I do not know what is hot. We must not lose the existing cold war. If we do, our very survival is at issue, instantly.

Let me just mention two or three more points that have been referred to by others. The committee hearings have been referred to, at page 35. Under Secretary of the Army Finucane has been quoted, but quoted only in part. The part of the statement that was read is as follows:

> I think your question is an excellent one, sir. Historically, the draft law has, in the wisdom of Congress, been extended for 4 years, and we would like simply for conformity sake to carry on with the habits of the past.

That statement has been quoted by three of those who are opposed to this bill and has been relied upon with major relevancy to support their opposition to this bill.

But let me read you the balance on that page, by the Secretary, which none of them read to you:

> Actually the Congress can indeed change the law any time it wants to. The Congress is always available in the national interest, and it seems to me that 4 years is a reasonable time.

That is the part of the statement which the three gentlemen should also have read for the information of the House. I believe it would have given us more of the real picture.

One further point which I feel it is appropriate to bring to you here. I am also a member of the Committee on Un-American Activities of the House and have been for several terms. There is no committee in this great body which comes more intimately in touch with the problem of national defense from the angle of subversive cold war than does your Committee on Un-American Activities of the House. May I say I know of no evidence, either in book, pamphlet, or newspaper form nor have I heard any offered here, that indicates to me the conspiracy which was initiated by Lenin and Stalin and continued by Khrushchev has stopped. That conspiracy is dedicated to conquest of the free world. The Soviet has not changed this decision. In fact, it has not abated. With all due respect to the great religious bodies, one of which I am a member of, and proud of it, one of the great mistakes some of those great religious bodies make is that sometimes they are anticipating, through their hopes and through their earnest prayers, that the world now is ready for us to expect world peace from the Soviets. I grant that world peace is the natural hope of all thinking persons, true, but there never can be a safe approach by us to a bona fide world peace with only one party, and that our Nation, wanting world peace. And the Soviets are not asking for world peace except on their terms. They demand we negotiate on their terms.

I learned of enough actual instances in the last 12 months which, I believe, ought to convince any reasonable man that

the Soviets are deliberately trying to set up incidents which will make it impossible for a just and fair world peace, except on their terms. Just the other day the Soviets gave notice they would demand to retain the right of veto to any agreement on disarmaments. What does that mean if it does not mean that they want to continue the upper hand and power in all negotiations? Peace will only come between nations dedicated to it and controlled by utmost good faith at all times.

I feel I cannot now do less than to remind you, that the reason we need this 4-year extension, in my judgment, or one of the reasons, is that we are in a cold war which is ever present and you know it. Why, then, take a chance of weakening the military strength which we all know is not only necessary as a deterrent, but it is our survival that is involved. That is why I am for this extension. It is our survival that is involved, and we cannot survive if we cannot deter; and we cannot survive if we cannot win a world peace founded on mutual good faith. Winning means not only for our own sake, may I say, not only for our own sake, but we must recognize that we are the leaders in the free world community. We cannot safely change that relationship to our allies.

I saw on my trip some conditions which shocked me when I realized, for instance, that over there thousands of our American boys are on guard 24 hours a day. They are on guard for us here today. I saw them, I was with them. They are on the alert for all free peoples. What are they on the alert for? Do you think it is unnecessary? Do you think it is unsound for the American Air Force and Navy to be on the alert over there for 24 hours a day? I was with the Sixth Fleet for several days, and they were on the alert 24 hours a day also. We must not weaken their support—not one iota.

I say to you, Mr. Chairman, that a special subcommittee of our committee has already been appointed in connection with this study and that subcommittee will bring in a report before many months. Certainly that report should come in before a year.

I believe my Nation's security and the security of the free world dictates to us to vote for this bill as reported by the Committee on Armed Services. Our survival is at stake.

Mr. VINSON. Mr. Chairman, I yield such time as he may desire to the gentleman from Illinois [Mr. PUCINSKI].

Mr. PUCINSKI. Mr. Chairman, the gentleman from California a minute ago spoke of the special subcommittee investigating the manpower needs of this country. Could we have some idea as to when the chairman envisions a report from this committee?

Mr. VINSON. I will state to the gentleman and for the benefit of the House that after consultation with various Members and particularly with some of our new colleagues on the Committee on Armed Services the other day, I was authorized to name a subcommittee, and this was the jurisdiction:

Said subcommittee shall have jurisdiction to make inquiry of all phases of defense manpower utilization, including but not limited to, military and civilian personnel, tables of organization, the utilization of technically trained personnel in technical positions, the extent to which military personnel are assigned to civilian-type duties, the utilization of military personnel to provide personal services to other military personnel, a determination as to whether additional combat organizations may be created by more efficient utilization and without increasing the total strength of the military forces, and such other matters as may be pertinent to any of the foregoing;

That the subcommittee shall meet at such times as may be designated by the chairman thereof.

Now, it was our objective to confer authority upon this subcommittee to take into consideration the whole manpower subject matter. So, I designated the distinguished member of our committee who is also a member of the Democratic caucus, the gentleman from Illinois, Mr. MELVIN PRICE, as chairman; Mr. LEROY H. ANDERSON, Mr. DANIEL B. BREWSTER, Mr. FRANK KOWALSKI, Mr. FRED WAMPLER, Mr. SAMUEL S. STRATTON, Mr. JEFFERY COHELAN, and for the minority our distinguished friend from Pennsylvania, Mr. GAVIN, Mr. O'KONSKI, Mr. GUBSER, and Mr. BECKER. These gentlemen will make this inquiry that you make reference to.

Mr. PUCINSKI. Mr. Chairman, I will certainly yield to your better judgment and support this legislation, but I am hopeful that this special committee is going to come out with a report and recommendation as quickly as posible, and if there is a better way of obtaining the young men that our Armed Forces need; better than the way we are prescribing today, I certainly hope they will bring it up.

Mr. VINSON. I thank the gentleman.

Mr. PUCINSKI. I am voting for this legislation with a heavy heart and with great misgivings. I just completed, before I came to the Congress, a very intensive survey in Chicago on teen-age gangs and juvenile delinquency, and I find that the draft has a very important effect on the present development of our young people. Every youngster in my city between the ages of 18 and 26 has to register for the draft. This means that hundreds of thousands of youngsters are forced to live in a shadow of constant doubt as to their future when actually only a few thousands are ultimately drafted. This uncertainty that these young people are constantly faced with makes it virtually impossible for them to plan their future in an orderly manner. The most tragic aspect of this situation is that many young men who graduate from high school and who do not, or cannot because of economic reasons, go to college find it impossible to get decent employment because the first thing they are asked by a potential employer is what is his draft status. The moment a youngster admits that he is eligible for the draft he is either given the lowest type of employment or, as is the case in many instances, flatly denied employment. This tragic condition cannot be permitted to continue and we must provide some program for those youngsters who are under the shadow of the draft, but are never called, to be permitted to adjust their lives in an orderly manner. I could not begin to tell you the hardships that this situation is causing to thousands of youngsters who are not seeking a way to shirk responsibility but, who, because of the cumbersome mechanics of the draft, are involuntarily plunged into this pool of teen-age idleness. So I am really hopeful that this committee will come up with some recommendations very quickly.

Mr. VINSON. I feel confident, I will say to my friend from Illinois, that some worthwhile accomplishments will be the result of this investigation by this committee, because it is staffed with very able, qualified men.

Mr. PUCINSKI. How long will it take?

Mr. VINSON. I am hoping they will finish their work—I cannot name any time—between now and midsummer. They should be able to finish their work in that time.

Mr. Chairman, there is no further request for time on this side.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 17(c) of the Universal Military Training and Service Act, as amended (50 App. U.S.C. 467(c)), is amended by striking out the words "July 1, 1959" and inserting the words "July 1, 1963" in place thereof.

Mr. WINSTEAD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WINSTEAD: On page 1, line 6, immediately before the period insert the following: ", and by adding at the end thereof the following proviso: *'Provided,* That no person inducted under the provisions of this Act shall be compelled to bear arms against any citizen or citizens of the United States except in case of war or national emergency hereafter declared by the Congress'."

Mr. WINSTEAD. Mr. Chairman, this is a very simple amendment. The argument for this whole act is to be prepared to fight a foreign enemy or to prevent a global war. It is very limited, as we all know, as to the number of people that will be inducted under the provisions of this act. All this amendment does is simply this, in simple language. It says that no young man inducted under the provisions of this act shall be sent into a community on a limited, local disturbance, unless we have a war or a national emergency hereafter declared by the Congress.

We give conscientious objectors the right to refuse any service whatsoever. I should like to point out to you that the provisions of this bill do one thing. Suppose you have a labor disturbance in any State of this Union. Suppose you are in a mining area, and on this limited basis we draft the son of a miner. We bring him into the service on the premise that it is to protect this country against a foreign foe. Let us assume further that a strike should develop and get out of hand, and that Federal troops should be sent into that community. I do not

believe a Member of this House would consider it to be right that a local boy be ordered into his home community to bear arms against his own people. I submit to you that is the only purpose of this amendment: That we give the same consideration to those we induct as you would give to conscientious objectors who refused any service whatsoever.

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

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

Mr. BECKER. May I ask the gentleman how his amendment to this proposed legislation squares up with the Formosa resolution passed by the Congress and the Middle East resolution that was passed by the Congress, both almost unanimously? How does his amendment square up with those two resolutions?

Mr. WINSTEAD. It does not affect those two at all. This deals solely with local situations.

Mr. BECKER. Those principles deal with local situations.

Mr. WINSTEAD. But this deals with local situations within our own borders, dealing with our own people, not with foreign matters. Keep this in mind: that this amendment does not bar anyone from going unless it is against his honest convictions. A person inducted under selective service, certainly should not be sent into his home area against his own people or against his own conscientious beliefs.

I hope that the membership of this body will pass judgment on this amendment exclusively on its own merits, and without regard for political or other alien considerations. If it can be considered objectively and in the light of fairness, I am confident that it will be adopted unanimously. Surely no Member of this House would vote to deprive a patriotic American soldier, willing to fight in defense of this great Nation, the privilege of being relieved from the duty of having to bear arms against his father, his brother, his family, and his friends. I do not believe there is a Member in this House who will turn down this provision if it is understood what I am sincerely and honestly trying to do with this amendment. I think it is fair.

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

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

Mr. HOLTZMAN. Would this amendment have prevented President Eisenhower from sending in the guard in Arkansas?

Mr. WINSTEAD. This does not affect the guard whatsoever. This would not have prevented President Eisenhower from sending the First Airborne Division into Little Rock. But it would have given to the son of a man in Little Rock, Ark., the right to say, "Don't send me back home to point guns and bayonets at my own people." Who wants to deny that individual that privilege? It is merely a concession to right and decency. If you want to ease tension in this country and if you want to allay strife rather than promote it, you will give serious consideration to this amendment on its merits and on the basis on which it has been submitted to you.

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

Mr. WINSTEAD. I yield.

Mr. BAILEY. The gentleman from Mississippi has mentioned the coal mining region. Let me remind the gentleman that in 1921 the Army was sent into West Virginia to quell an armed march of miners. They arrested the leader of the miners. Instead of following the constitutional provision that a man should be given a speedy trial in the district in which the crime was committed, they took him across to Charleston, W. Va., and tried the leaders of the miners' march in the same courtroom where they convicted John Brown of treason; and they convicted one of the mine leaders of treason. Among the miners they tried was a minister of the gospel, and he got a stiff sentence. He was not tried before a jury of his peers, but before a three-judge Federal court setup.

Mr. WINSTEAD. I thank the gentleman from West Virginia. Will the gentleman not agree with me that the son of one of those miners should not be sent into his home and local community against his own people? My friends, that is all that this amendment does. I hope you will vote for this amendment.

Mr. VINSON. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 5 minutes, and that the gentleman from Texas [Mr. KILDAY] be recognized for the Committee on Armed Services.

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

There was no objection.

Mr. KILDAY. Mr. Chairman, frequently we hear complaints about the executive or the judicial branch of the Government infringing on the legislative powers of the Congress. I have agreed on many of those complaints, but I do not see how you can very well claim that other branches should not infringe upon the congressional powers and, yet, be willing lightly to infringe upon the executive powers. Nothing can be clearer than that the Congress has the power to raise and support armies and to provide a Navy. Nor can anything be clearer than once raised, they pass under the control of the President as Commander in Chief for deployment orders here, there, and everywhere.

In addition to that, the language of this amendment is such that no one could ever understand what could happen under it. Let us consider, for instance, a man who serves, say, for 2 years and still has his Reserve obligation and goes into the National Guard of his State to serve. Of course, the Governor has command of his National Guard for the purpose of putting down civil commotion. Where will that man be under the provisions of this amendment? Because he has been inducted, you understand for a 2-year period, and then in turn, because of the additional Reserve obligation, goes into the National Guard of his State for the purpose of discharging that obligation.

This amendment reads: "That no person inducted under the provisions of this act shall be compelled to bear arms against any citizen or citizens of the United States."

In addition to that, where would you be in the event of insurrection in the United States—by American citizens? But insurrection nevertheless—with provisions in our statutes for the President, and he has the right and, of course, he has the constitutional obligation to put down insurrection. There are statutes defining the manner in which he may do it—with the Regular Army or with the National Guard. So where would these people be? You would be demobilizing the very people who would be in a position to put down insurrection.

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

Mr. KILDAY. I yield.

Mr. WINSTEAD. The gentleman spoke of the National Guardsman when he comes to the National Guard. I do not know how it is in all the States of the Union, but the Adjutant General of my State says that he never, when they are called out for any disturbance within the State, sends a local boy into his own home or local community. I do not believe the President of the United States should do so either.

Mr. KILDAY. Mr. Chairman, I regret that I cannot yield further to the gentleman. I only have 5 minutes, and the gentleman had his 5 minutes.

Mr. Chairman, the point is that under the language of the gentleman's amendment, it is provided that no person inducted hereunder shall be assigned to this type of duty, and the man who is inducted and then enters the National Guard is a man who has been inducted. He is serving a compulsory tour in the National Guard, under an act of Congress, to discharge his Reserve obligation. So that you are setting up here a matter of proscribing the powers of the President as Commander in Chief of the Army, and of the Governor as commander of the State militia. You leave them powerless in the event of a civil disturbance or insurrection in the United States. This is not something to take lightly. I do not agree with all that was done at Little Rock. Some of the implications are greater than have ever been brought out, but this is no time to tie the hands of the President on the question of an insurrection.

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

Mr. KILDAY. I yield.

Mr. WINSTEAD. Furthermore, you know that every man who serves a 2-year tenure of duty does not go into the National Guard unless he volunteers and is accepted. He is not forced under any induction procedure to serve in the National Guard.

Mr. KILDAY. But once he makes that election he is obligated to serve. He is a man who was inducted.

Mr. WINSTEAD. Do you believe for a minute that any National Guardsman would be involved as you discuss this?

What I am trying to do is to give a man who has a conscientious conviction——

Mr. KILDAY. I do not know how you are going to have a military organization with men deciding that they have conscientious objections. If you are going to have a military organization of any kind, whether National Guard or Reserves, or what not, the first thing he is going to have to do is to take orders.

Mr. FLYNT. Mr. Chairman, I support the amendment offered by the gentleman from Mississippi [Mr. WINSTEAD] because it is in keeping not only with the stated purpose of the Selective Service and Training Act but is also in keeping with the safeguards of national security. The purpose of this amendment, as stated by its author, is to insure that the Armed Forces of the United States will be used in the defense of this country and in defense of our national security and to specifically insure that persons inducted under the provisions of this act will not under any circumstances be called upon to bear arms against American citizens.

One of the most tragic incidents in the history of our Nation was the use of elements of the 101st Airborne Division to patrol the classrooms, corridors, and grounds of Central High School in Little Rock, Ark., and to draw bayonets and other weapons against unoffending high school boys and girls. There can be no relation, real or imagined, between our national security and the use of armed force and Army troops against teen-age students.

The statements made by the gentleman from Texas [Mr. KILDAY] that this amendment if adopted would preclude the Governor of a State from using National Guard units to quell domestic disorders, riots, or actions which cannot be quelled by police units are not quite accurate. The gentleman knows that neither enlisted men nor officers of the National Guard of any of the States are inducted into the National Guard under the provisions of this act. The filling of vacancies in all ranks of the National Guard is by voluntary enlistment, and there is no provision in Federal or State law for induction into National Guard units under the law which presently prevails.

It is a well-known fact that many chief executives of various States abide by a firm rule not to call out National Guard units for domestic duty, riot, or otherwise, in the locality in which such National Guard unit is normally and regularly stationed. This is a good rule and one which is almost universally followed. The same principle which is embodied in this rule exists in the amendment offered by the gentleman from Mississippi.

This amendment would place emphasis where emphasis should be placed, and that is on the security and defense of the United States of America, and it would clearly provide that any person inducted under provisions of this act shall not be compelled to bear arms against any American citizen except in time of war or in time of an emergency hereinafter specifically declared by the Congress of the United States.

The CHAIRMAN. The time of the gentleman from Texas [Mr. KILDAY] has expired.

All time has expired.

The question is on the amendment offered by the gentleman from Mississippi [Mr. WINSTEAD].

The question was taken; and on a division (demanded by Mr. WINSTEAD), there were—ayes 42, noes 135.

So the amendment was rejected.

Mr. WOLF. Mr. Chairman, I offer an amendment which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. WOLF: On page 1, line 6, delete the word "July 1, 1963" and insert in lieu thereof "July 1, 1961".

Mr. WOLF. Mr. Chairman, I have three other exactly similar amendments. I ask that all four amendments be considered en bloc.

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

There was no objection.

The CHAIRMAN. The Clerk will report the amendments.

The Clerk read as follows:

Page 2, line 2, delete "1963" and insert in lieu thereof "1961".

Page 2, line 6, delete "July 1, 1963" and insert in lieu thereof "July 1, 1961".

Page 2, line 10, delete "1, 1963" and insert in lieu thereof "1, 1961."

Mr. WOLF. Mr. Chairman, as I stand before you in support of my amendment I have standing with me in this position the Chamber of Commerce of the United States, the AFL–CIO, important church groups, and some very distinguished Americans many of whom are sitting with me here today in this Chamber.

Again, as I see it, the question is whether it is better to extend this act for 4 years or to extend it for 2 years, review and renew if need be at that time. Or should Congress just casually stand by and give?

The gentleman from Texas [Mr. KILDAY] referred to page 38. I would like to acknowledge to the gentleman from Texas, that I too referred to that page. I think it proves my case for 2 years. I was in error slightly in some of my figures, sir, but the statistics shown here I think bear out my contention. And without belaboring everyone who has studied this and reached a different opinion I am going to repeat the statement that each year since they began to create more fringe benefits the percentage of reenlistments has improved. So I think this fact makes a case for my stand on improving the incentives for reenlistment.

I would like to point out something else in the testimony, and may I say to the Members I think it is very much worth their consideration, a little exchange between one of the members of the committee and Gen. Curtis LeMay of the Air Force. I think this testimony is worthy of your serious consideration. A member of the committee asked this question:

With regard to your observation about how soon you felt the effective end of a nuclear war would come—2 or 3 days—it is not your opinion that the war would actually end within 2 or 3 days?

And General LeMay answered:

I said the decisive phase. There may be some fighting, mopping up and things of that sort. But the decision will have been rendered by that time.

If the serious phase of a future war may last only a few days, cannot Congress afford to take a look every 2 years at this matter of extending the draft?

The gentleman from California [Mr. DOYLE] quoted much of Mr. Finucane's testimony. I would like to read what he quoted again. He said:

I think your question is an excellent one. sir. Historically, the draft law has, in the wisdom of Congress, been extended for 4 years, and we would like simply for conformity sake to carry on with the habits of the past.

Actually, the Congress can, indeed, change the law any time it wants. The Congress is always available in the national interest. And it seems to me that 4 years is a reasonable time. If the Congress desired to change the law 2 years from now or 1 year from now, or at any time, it would be, of course, perfectly within its rights and prerogatives.

I think Mr. Finucane makes my case eloquently well. Congress has the power to extend the draft for any length of time.

So, why not let us vote for 2 years for the draft and then review it, and, if we need to, vote it again.

I am happy, too, that the Armed Services Committee has in its wisdom appointed this study committee. I think it is a step in the right direction. I am happy that it has done so and I hope that this study committee, as has been suggested, will report back in a year, and then in 2 years we can make our decision again regarding the draft.

Mr. Chairman, I am happy to say I have considerable support for the 2-year extension here on the floor.

If there are no questions, I yield back the balance of my time.

Mr. VINSON. Mr. Chairman, I ask unanimous consent that all debate on the amendments offered by the gentleman from Iowa [Mr. WOLF] and all amendments thereto close in 15 minutes.

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

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from West Virginia [Mr. BAILEY].

Mr. BAILEY. Mr. Chairman, I did not stand for the purpose of asking for time. It was my intention to vote for at least one part of the amendments if we could get a separate vote, but I understand they have been offered en bloc.

The CHAIRMAN. The amendments were offered en bloc.

Mr. BAILEY. Mr. Chairman, I did not ask for time.

The CHAIRMAN. The Chair recognizes the gentleman from Colorado [Mr. JOHNSON].

Mr. JOHNSON of Colorado. Mr. Chairman, as I listened to the debate over extension of the Selective Service and reviewed the material that has come to my desk, and read the letters, and

they have all been on one side—in opposition—I find the following arguments being used in opposition and I would like briefly to summarize the matter as I have seen it:

First. The present draft does not pay the recruit an adequate wage. It demands his compulsory contribution without adequate compensation; yet it results in a very expensive and very wasteful use of manpower;

Second. The draft has not in fact been universal and has operated unfairly in its demands upon the young generation;

Third. It is not related to the needs of modern warfare, which calls for more highly trained technicians than even a 2-year, much less a 6-month, program can achieve;

Fourth. As a result it creates an illusion of strength through numbers rather than the reality of strength through skills, morale, and organization;

Fifth. It is a continued invasion of the rights of privacy of American citizens. It is alien to our historical tradition; indeed, many of America's settlers were people who came here to escape the militarization of European countries;

Sixth. It interrupts the educational program and planning for a career, or marriage and family, of the younger generation, and thus ultimately weakens the real security and strength of our Nation;

Seventh. Perpetuation of the draft endorses the present negative and unimaginative military and foreign policy of the administration. It admits failure to believe that we can move toward reconciliation of international differences and learn how to live together. It assumes we must concentrate on coextinction rather than coexistence;

Eighth. It extends the military influence on American life contrary to our constitutional intent to maintain civil dominance over the military;

Ninth. The program was originally defended as a means for buying time. The theory originally was that we would use this time to develop peaceful alternatives.

Time is running out; extension of the draft may be a desperate gamble, causing us to forget that "time is running against us," as General Bradley said, "with the speed of a sputnik."

Tenth. The consequence of all these factors is that our society offers a poor motivation for young men to accept military service without compulsion, or, at least, so argue those favoring extension of the draft. However, a voluntary military establishment whose basic cadre included those making an extended stay, if not a career of military service, would provide us with the kind of personnel that modern methods of defense require. Such volunteers would have better motivation and would do a better job. They could be secured by a change in manpower personnel practices such as the following: (a) Better pay for recruits; (b) a better program to hold reservists; (c) greater use of civilians for support-type activities of transportation, housing, food, and so forth; (d) more widespread use of local support, including nationals at overseas bases for the nonmilitary activities. This type of program would at the same time serve to reduce our total manpower requirements and make the activities of those who served more significant and meaningful.

Eleventh. It is time that the Nation challenge its youth not merely to learn how to launch an intercontinental ballistic missile that will mean the end of civilization, but instead challenge its youth to enlist for peace, to volunteer for peace-building activity the world around. The Nation ought to be planning to wage war on man's ancient enemies, which are disease, hunger, misery, and poverty. For this is the only war in which all mankind can be victorious.

For all of these reasons I must oppose the present 4-year extension of the draft.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. JOHANSEN].

Mr. JOHANSEN. Mr. Chairman, with the greatest reluctance, I shall vote for the extension of the draft.

I recognize the unpleasant practicalities of the situation. I seriously question whether the manpower necessary to meet and maintain our defense commitments can otherwise be assured.

It is one thing to wish devoutly that it were otherwise—to wish that those commitments were not necessary or, being necessary, that they could be met on a strictly voluntary basis. It is quite another to default on the commitments.

To say that I do not concur in all of those commitments does not alter the fact that once made by due process of legislative and executive decision they must be fulfilled.

I oppose with all my vigor any suggestion or proposal that the draft be used for purposes of enforcing an alleged obligation of service other than of a strictly military nature. I want no part of such a totalitarian program.

I do believe that the extension ought to be limited to 2 years to correspond to the life and tenure of the Congress. If the constitutional purpose of a biennial election of the entire House and one-third of the Members of the other body is to be served, legislation of this character, in my judgment, should be subject to mandatory review by the next Congress. I do not believe that this Congress should usurp the responsibility of the succeeding Congress.

But here again, the hard practicalities of the situation require that I accept, however reluctantly, the verdict of the majority.

On one count I am particularly disturbed and distressed. The fact that the legislation here proposed to be reenacted commits American servicemen by compulsion to duty in foreign lands where their constitutional safeguards are abrogated under the status-of-forces agreements is to me totally repugnant. Yet the responsibility for this situation lies basically in the failure of Congress to address itself specifically and forthrightly to that problem. I cannot permit one wrong to be compounded by a second wrong on the fatuous theory that a right is thereby accomplished.

With these profound and disturbing reservations, I shall again, as I did 4 years ago, vote for the extension of the draft.

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

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

There was no objection.

Mr. DURHAM. Mr. Chairman, failure to extend the draft will have a serious impact on the Reserves. I propose to discuss its impact in three broad areas:

First, the effects on maintenance of adequate strength;

Second, the effects on maintenance of adequate quality; and

Third, the effects on maintenance of proper training participation.

Failure to extend the draft will result in serious strength deficiencies for both officer and enlisted programs in all the services. College-orientated officer procurement programs, such as ROTC, the Naval Reserve officer candidate program and the Marine Corps platoon leaders class are principal sources of officers for both the Active and Reserve Forces.

It is quite obvious that many young men join these programs in lieu of being inducted. Following completion of active duty, these officers fulfill the balance of their military obligation in the Reserve. In the case of the Army ROTC, many officers take 6 months' active duty for training after commissioning, and fulfill the remainder of their obligation in the Reserve.

In addition to the serious effects on Reserve officer strength, there would also be a damaging effect on Reserve strength in enlisted ranks. Six-month-active-duty-for-training programs, with the balance of the obligation fulfilled in the Reserve, are an important source of enlisted Reserves. An additional direct Reserve enlistment program for 6 years requires 2 years of active duty with the balance in the Reserve. There is no doubt that entrants into all of these programs are draft inspired. Finally, in the case of the Army, the inductee is the principal source of full trained manpower in the Reserve after completion of his 2-year term of active duty.

The Army has estimated that without the draft authority, there would be a deficit of 103,000 within the units for the Army Reserve by the end of fiscal year 1963. This deficit is from an overall requirement of 247,000 and would, therefore, represent a deficiency of 45 percent. Of even greater significance is the estimated deficiency in strength within the enlisted reinforcement pool of the Army Reserve. Without the draft, it is estimated that there would be a deficit of 653,000 by the end of fiscal year 1963 to meet a total requirement of 895,000 in the reinforcement pool. Although estimates have not been made for the other services, they too would have serious strength deficiences for both units and reinforcements.

Not only would the loss of draft authority jeopardize total Reserve strength, but there would be a loss in quality.

With the resulting reduction in applicants for the Reserve officer programs, selectivity and quality would suffer. In the case of enlisted programs, it is probable that the services would have to abandon the requirement of a short period of initial active duty for training in the case of nonprior enlistees into the Reserve. This would mean that the Reserves would have to revert to conducting recruit training in the armories which would make it impossible for the Reserves to meet the readiness goals required by modern concepts. Furthermore, with the depletion of enlisted personnel who enter the Reserve after 2 years of active duty, the quality of Reserves would be further compromised. Such individuals form the hard core of leadership and technical skills in the Reserve.

A final effect can be anticipated in training participation. Not only does the draft authority provide stimulus for entrance into programs which require 6 months' active duty for training, but it also insures participation in Reserve training of the individuals concerned after they have completed this initial period of active duty for training. Under the law, persons in these programs who do not participate satisfactorily in Reserve training are reported to selective service for priority induction; 2,879 such individuals were reported for priority induction in fiscal year 1958.

In summary, failure to extend the draft authority will have a damaging effect on the Reserves in respect to the maintenance of adequate strengths, quality, and training participation. It will, therefore, tend to seriously impair mobilization readiness.

Mr. THOMPSON of New Jersey. Mr. Chairman, I would like to say a few words on behalf of the amendment offered by my colleague from Iowa. I think the record will show conclusively that I have been a consistent advocate of a strong and balanced Military Establishment. My position is unchanged. It is, in fact, because of this very concern for the defense of the Nation that I have developed serious doubts about the quality of our present draft system. I will vote for the Wolf amendment because I believe it is necessary to extend the present system until a better one can be devised; but I believe it is important that we use those 2 years to reformulate our thinking and policies on this important matter.

One would expect that the administration, charged with the responsibility of maintaining strong and efficient Armed Forces, would come up with some new ideas in this field, but the administration is following its usual policy of drifting along with events rather than leading them. It is therefore necessary that Congress serve notice that this extension is temporary—for 2 years—and that this time will be used by Congress to formulate new policies and concepts.

There are many specific complaints, but in general terms the fundamental questions which are being raised about the present draft system are the following:

First. Is it the best method of supplying the necessary manpower for our Armed Forces or are there alternatives which would better serve this function?

Second. Does it produce an adequate Reserve Force or does it generate an enormous, expensive, and inefficient Reserve program?

Third. Is it unnecessarily costly?

Fourth. Is it fair to the Nation's youth, or is it unnecessarily arbitrary, discriminatory, and conducive to legal but demeaning draft dodging?

Each of these general questions involves a host of specific ones.

Mr. Chairman, I do not profess to have the answers to these questions, but there is a growing feeling in Congress and in the Nation that the answers are distinctly not flattering to our present draft system. They need and deserve serious investigation by Congress, and, meanwhile, I see no reason for extending this dubious system for more than 2 years.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. KILDAY].

Mr. VINSON. Mr. Chairman, I ask unanimous consent that the time allotted me be yielded to the gentleman from Texas [Mr. KILDAY].

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

There was no objection.

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

Mr. KILDAY. I yield to the gentleman from Indiana.

Mr. HALLECK. I would like to say, as a former majority leader, that it has been my responsibility to take the lead in the extension of the Draft Act heretofore, and that I have done. I am supporting the measure here today, and I trust this amendment will be defeated. The fact that we extend the authority for 4 years does not mean that it is not constantly within the province of the Congress of the United States to make any change that might seem to be indicated at any given time.

Mr. KILDAY. I thank the gentleman. Of course, what the gentleman from Indiana says is perfectly true. Funds must be appropriated every year to cover the number of men who are to be in the military service, and by the simple matter of failing to appropriate funds to maintain the larger force you can automatically terminate it each year.

Mr. Chairman, I would propound this question. Is there any Member of this floor who can seriously and conscientiously say to himself that he knows of anything in the present difficult situation that would lead him to believe or even suspect that our international situation will have eased by 1961? Is there anything in the present world situation that could cause us to believe that? Now, it is true that the Congress at one time had that sincere hope. In 1940 we passed the original Training and Service Act, and it was effective for a period of 5 years. In May 1945, with victory coming in Europe and anticipated in Japan, we extended it for 1 year. Then we extended it for 1½ months. That, of course, was to get over the period during which we were working on it. Then when we did finish working on it we extended it for only 9 months. Then we were so optimistic about the world situation that we permitted it to die in 1947.

But in 1948, we found it necessary to reenact it to revive the draft, and we did it for a period of 2 years. Then we had a 15-day extension at the end of those 2 years, to have a new conference on the bill. When we had completed that, we extended it for 1 year. But by 1951 Korea had come on and it was so evident to all that you did not have the prospect, in the immediate future, of any improvement in the world condition that Congress extended it for a period of 4 years. When that 4 years expired in 1955 it was extended for a period of 4 years, and will expire in 1959.

So our experience has shown that we are in a cold-war period, apparently of indefinite duration. Should we send out word that the Congress of the United States has refused to extend inductions under the draft for a period in excess of 2 years? Would you not be going right in accordance with what Mikoyan said when he returned to Moscow in attempting to drive a wedge between the American people and the American Government, that the American people now, as reflected by the Congress of the United States, had refused to extend the draft for 4 years, as had been done in two previous instances, but had determined to terminate it at an earlier date? Would we not be saying to those nations whose cooperation we expect that we have now become weary and that for a period of only 2 years will we make an effort to maintain the military force deemed adequate?

But the most important thing about reducing this to 2 years, and the thing that would be most unfortunate, would be to hold out to the young man who is subject to induction under the law that in a matter of 2 years the danger of his induction will have subsided, that it will no longer exist, because the Congress has said that only for a period of 2 more years is there danger of his being inducted. You lull him into a sense of false security, that it is only a matter of 2 years. I do not believe I have heard anyone here state that he believes seriously and conscientiously thinks that in 1961 there will be any better opportunity to terminate it than now.

If there is an extension of a period of 2 years only, what will happen to your voluntary enlistments? Of course we hear the great boasts of the Navy, the Air Force, and the Marine Corps that they are made up of volunteers only, but experience has shown that without the compulsion on entering the military service those who now rely on volunteering would have a very, very difficult time in securing their volunteer force. I do not recall one word from any of those services before our committee that they could maintain a voluntary force of the present size if it were not for the compulsion which exists because of this induction.

Should you reduce this to a period of 2 years you will be upsetting what the program must be. It must continue further than 1961. You are leading the Russians to believe we have wearied. You are leading those who cooperate with us to draw the same conclusion. You are attempting to disillusion the young men of the United States, to whom you would hold out here a false hope that they were not going to be subject to the draft after a period of 2 years.

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

Mr. KILDAY. I yield to the gentleman from Connecticut.

Mr. IRWIN. Will what the gentleman says suggest you are holding out a false hope 4 years from now?

Mr. KILDAY. No; I do not think so. I take the position that this is probably an indefinite period of time. I am very sorry to say that but I really believe that it is. The side is going to win the cold war which has the stamina to remain strong throughout. When you are dealing with things of this kind, once you become weak that is when they are going to pounce on you. For two consecutive times the extension has been for a period of 4 years. Ever since we got rid of the fool's paradise in which we were living when we permitted our Armed Forces at the end of World War II to disintegrate it has been the policy to extend it for a period of 4 years.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Iowa [Mr. WOLF].

The amendments were rejected.

Mr. ARENDS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, as this debate now comes to a close on this most important bill, I would like most sincerely and respectfully to say to all my colleagues that while some may have differences of opinion as to what might have been, or should be embodied in this bill, and that while the bill may not be as each of us desire in its entirety, I am sure it will have your approval. I know each and every one of you to be a loyal, sincere American. You want to do what is best for the country. I sincerely hope this afternoon that when the final rollcall is had on this bill that we can come up with practically a unanimous vote. Why do I so earnestly hope for such a result? Because today every free nation in the world is watching what we do on this vitally important defense measure. Our final decision on the passage of this bill will have a great impact on the free peoples of every nation throughout the world. An affirmative, strong vote here today strengthens the will of the peoples of our allies who want to continue to be free and the will of those who are striving for freedom. On this defense measure the military leaders of this country and the leaders in the House of Representatives on both sides of the aisle are in agreement. I emphasize we are acting upon a measure on which there is unanimous agreement on the part of our military leaders. We are also acting with unity, with complete agreement on both sides of the political aisle. We are acting on a measure reported by the Committee on Armed Services which year after year so diligently studies these matters, and has the responsibility of knowing our defense needs.

So by overwhelmingly passing this bill we are sending word to the people of the world that we stand together as a united people to maintain a strong military posture. We reassure the free people of the world that there is hope. By our action here today we say to any possible aggressor nation that we have, and are determined to have now and in the future, the military strength to deter any aggression. Four years ago on February 8, 1955, to be exact, we had this same matter before us. On the rollcall vote we had 394 in favor of the 4-year extension of the draft and only 4 against. I hope we will be as emphatic on this vote today.

Secretary of State Dulles is presently overseas to deal with the troublesome problem with respect to the city of Berlin. When the news of the favorable action of the Congress on this bill reaches him, he will have definite evidence to reassure all the free nations of the world of our determination to cooperate for the survival of the free peoples of the world. I hope we have a decisive vote for this measure. Our national security, our ability to defend ourselves—freedom itself is at stake.

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have listened to the remarks of the gentleman from Illinois and I hope that if Secretary of State Dulles boasts while he is in Europe about how Congress has extended conscription in this country for 4 years, that he in all fairness calls upon foreign governments to stop reducing the obligated service of their conscripts.

The gentleman from Texas [Mr. KILDAY] spoke of the renewal of the draft just before the war in Korea. Yes, conscription was renewed at that time and, exclusive of South Koreans, Americans did 95 percent of the fighting and dying and all the financing of that war.

Where were those so-called allies in the United Nations when that brutal war was being fought? Not a single other country provided more than a comparative handful of combat troops. Are these free world friends really interested in stopping Communist aggression?

Time after time today it has been stated on the floor of the House that conscription of American boys must be continued in order to make some kind of an impression on foreigners. It is time, it seems to me, that they made some impression upon us other than to take everything that is not nailed down.

Mr. Chairman, I have supported extensions of the draft in the past and would support an extension of 2 years today. What is wrong with Congress having the opportunity to review this legislation every 2 years, dealing as it does with the lives and fortunes of thousands of our young men?

I cannot support a 4-year extension.

Mr. HOFFMAN of Michigan. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, of course, it is all right to vest authority in those charged with our national defense, but it might be well to put some restrictions on that authority. That statement is made because many of us have a distinct recollection of the time when General Hershey, as he is now, was charged with the enforcement of the law. The Congress, by an almost unanimous vote, wrote into the resolution certain exemptions with reference to agricultural workers. General Hershey paid no attention to that exemption. Take a look at the CONGRESSIONAL RECORD, volume 91, part 1, page 831; volume 91, part 2, page 1503; volume 91, part 11, page A2098; and volume 91, part 8, page 9914, which should be sufficient to show the then situation. If you will look back you will find that the district now represented by Mr. MEADER, the district then represented by Mr. Michener called the attention of the House to the fact that General Hershey and his subordinates charged with the interpretation of that law or the application of it, went into the State of Michigan and directed the draft boards in Michigan to disregard the amendment. It is all right. We may need this kind of legislation, but if we are going to let individual officers in the Armed Services follow the course of the Supreme Court and substitute their ideas as to what the Congress meant when it wrote the legislation in place of what we said or wrote there is nothing I can do about it. Give some a little authority they follow their own thinking.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 2. Section 1 of the Act of August 3, 1950, chapter 537, as amended (71 Stat. 203), is amended by striking out the words "July 1, 1959" and inserting the words "July 1, 1963" in place thereof.

SEC. 3. Section 16 of the Dependents Assistance Act of 1950, as amended (50 App. U.S.C. 2216), is amended by striking out the words "July 1, 1959" and inserting the words "July 1, 1963" in place thereof.

SEC. 4. Section 9 of the Act of June 27, 1957, Public Law 85–62 (71 Stat. 208), is repealed.

With the following committee amendment:

Page 2, line 8, strike out the "repealed" and insert "amended by striking out the words 'July 1, 1959' and inserting the words 'July 1, 1963' in place thereof."

The committee amendment was agreed to.

Mr. PHILBIN. Mr. Chairman, I regret that adequate consideration was not accorded in the hearings to voluntary alternatives to the draft or even to programs to insure improved training and utilization of military manpower required by the problems of the space age.

I respectfully submit that these training and utilization problems should have been considered and settled by the Congress before the extension of the draft. Certainly our committee should have been briefed by the Secretary of Defense and departmental experts before the draft bill was considered.

Thus, the proposal is in a sense a sort of legislative and parliamentary weightlessness—the labored application of 19th

century, Prussianized, military techniques to the incredibly complex, technical and scientific problems of the nuclear, space age.

It is clear to most thinking people, I believe, that ordinary draftees are not performing, and cannot adequately perform, the extremely technical tasks of the Armed Forces in this missile age. Highly trained personnel are required today. They must not only undergo long, intensive training and practice and be of a high order of intelligence, but they must be willing to make the services their career. They must be a scientifically and technically trained professional force—able to master the intricate techniques that have become absolutely essential to our defense setup.

We need more highly trained technologists at Cape Canaveral and similar bases and in all related advanced defense work. While men will be necessary in the mass for conventional defense operations, the primary need today is for highly trained specialists, and I do not believe these men can be secured in sufficient numbers and quality under the draft as it is currently operated.

We all recognize the fact that only the Army needs or employs the draft today, that the draft is disrupting the lives and education of all young men, that it works grave inequities on many, that in peacetime it is inconsistent with our free institutions, that it is not producing the kind of permanent career, professionalized specialists we need in the space age.

I agree that, to an extent not precisely evaluated and perhaps overemphasized, the draft may stimulate enlistment in the Navy, Air Force and Marines. But there is no evidence that it stimulates reenlistment; the opposite is the case, it does not.

But the fact remains that we have not adequately explored the enlistment-producing alternatives of radically revising our manpower procurement and training methods, stepping up the incentives by appropriate pay readjustments and driving ahead with a broad, bold campaign in the schools, colleges, laboratories, factories, on the farms and byways of the Nation to attract more capable, ambitious young men into career opportunities in the armed services and to train them as they should be trained these days.

We might also carefully explore the possibilities of inaugurating training programs that would not involve taking young men away from their schools, their jobs, and their families—local area and community programs that would embrace intensive training in related military fields wtih special emphasis upon scientific and technological requirements that would appropriately meet our need for well trained specialists and their proper assignment and utilization.

I cannot understand why Congress should extend the draft until these vital questions have been most carefully studied and discussed. Certainly to extend it for 4 years would be unsound and unrealistic.

Nor can I in any event understand why this Congress should be asked to extend this system with all its admitted infirmities for another long, 4-year period without first making some effort to correct the plain, palpable shortcomings, weaknesses and inadequacies which we all know exist in the draft system.

For a long time to come we will need sizable and substantial conventional forces and weaponry. The foot soldier with his small arms and rifle still has, and will have, an important place in our defense, civil defense and domestic, and oversea forces.

But it is a great mistake, it could be a fatal mistake, to try to train our Armed Forces in conventional systems alone, as is being done to such a large extent with draftees at present.

The Army, Navy, Air Force, Marine Corps, Coast Guard, various Reserves and the National Guard comprise our ready, or nearly ready, manpower force. We must have them in sufficient numbers. I urge that they should be organized and trained along modern lines, following modern concepts.

National conscription and the draft based on compulsion and sheer mass strength, while suitable in 19th-century warfare, cannot be adequate or effective in peacetime defense in this day and age.

If we are to survive in the tough, competitive race in which we are engaged, we must not only select our best, and give them proper incentives to serve, but we must give them the advanced, technological training and education without which no war or military operation can be efficiently and successfully conducted today.

Drafted young men forced to serve for 6 months or 2 years and then returned to their homes, while the fast-moving, military-scientific parade leaves them far behind, cannot hope to meet the manpower requirements of this day and age.

I cannot subscribe to, nor do I approve of, the kind of logic and consistency of military policy which cuts the size of the Army, the Reserves, the National Guard, and other components, as has been done, and then seeks to justify the draft of additional young men from civilian life.

Nor can I reconcile the draft with the fact that such a small percentage of trained draftees reenlists in the service at the end of their tour of duty.

It is dismaying, too, to note the failure of the services to build up the numerical strength and training programs of the Reserves.

In addition, the apparent unwillingness of the military to recognize the importance and value, not only to the Nation, but to the States and local communities, of the National Guard is little short of astonishing. Failure to be guided by clear congressional mandate in these matters is most regrettable as well as inconsistent with the Constitution.

The American people want a strong, well-trained National Guard, and Congress must insist upon keeping up the strength of this great military organization. Likewise, Congress must keep up the strength of the Reserves.

I am not one of those who engage in unreasoning criticism of military leaders. To the contrary, I may say that I most highly appraise these men. I know of no group better qualified in their fields, more patriotic, more effectively devoted to their tasks, more sincerely dedicated than our military leaders.

However that may be, and as proud and grateful as we all are for their devotion and ability, the military was not intended by the Constitution to dominate this Government. It is the duty and function of Congress to provide for the common defense. We cannot escape, nor should we delegate, that responsibility.

The Nation is not at war, and we hope it will not be at war. We are not in a state of limited or unlimited national emergency. We are facing a great challenge to our free system which we must face with strongest determination to maintain an adequate defense and all-powerful striking force. Congress must unhesitatingly and expeditiously enact all legislation to that end.

But we cannot and should not in any circumstances legislate from a posture of hysteria, timidity, or uncertainty. It is not necessary to reshape or disrupt our social, educational and economic systems in order to set up an efficient, adequate national defense with well-trained personnel.

What we do here today will have great influence and bearing on our future strength and orientation. It will determine whether we have that awareness that will prompt us speedily and efficiently to adapt our military programs to the urgencies and inescapable demands of the space age, or whether in moments of complaisance and inertia, or mere stubborn adherence to 19th century concepts, we will continue to string along with programs that would be essentially better fitted to the philosophy and methods of Maginot line techniques than to the urgent, inexorable demands of the space century.

The very great American, the chairman of our esteemed Armed Services Committee, has the outstanding ability, patriotism, broad experience, able leadership, and dedicated zeal to cope with all these crucial problems.

While I respectfully differ with him and other Members on certain aspects of our manpower program, I am confident and hopeful that in this Congress we can, if we will, draw on our imaginativeness, knowledge, and boldness to attack space-age problems with space-age methods and space-age thinking and action.

Since I believe this is the best course for the Nation, I will adhere to it by voice and vote as long as I may be honored and privileged to be a Member of this greatest of all deliberative, democratic, representative bodies.

Mr. Chairman, let us courageously tackle the manpower and other problems of our military and defense system by looking forward and not backward. In war, we would immediately need the draft, so let us keep the selective system in full, standby efficiency to be ready for any eventuality.

But, in peacetime, and generally as a means of selecting and training young

Americans for military service, it is a method completely outmoded. We should retain it only long enough to adopt a more realistic system.

Let us speedily adapt our defense and our Nation to the great new age in which we live. Let us make sure that our strength, military, economic and spiritual, is great and powerful in the realm of national defense and well-being.

Mr. RIVERS of South Carolina. Mr. Chairman, yesterday, the distinguished gentleman from Mississippi [Mr. COLMER], when he discussed the rule on this bill, stated that he was in favor of the legislation, but reluctantly.

I think he summarized in one sentence the feelings that all of us have with regard to the draft law. No one likes to vote for a draft law—just as no one likes to vote for a tax bill.

But when the security of the Nation is threatened as it has been, is now, and apparently evermore shall be, then we have no alternative but to meet our obligation to keep this Nation militarily strong.

The bill before the House today is a manpower bill, a bill dealing with the most precious item that the Nation possesses—manpower. By enacting this bill we indicate to the entire world our determination to remain strong. And I sincerely hope that we will not weaken this bill or attempt to sugar-coat it in any way by reducing the extension period from 4 years to 2 years. We extended the draft period for 4 years in 1955 because world conditicns were grave at that time. Certainly no one is so naive as to believe that world conditions have improved since that time.

We have passed laws to make a service career more attractive, but we know that there just are not enough volunteers in the Nation to meet our active duty military manpower requirements which exceed 2½ million men.

As much as we may personally hope for the end of the draft, let us not create false hopes or complacency in the American people by weakening this demonstration of a determined effort on our part to remain strong.

The world watches us today as we consider this extremely important measure. Whatever action we take will be noted not only in American newspapers, but within the walls of the Kremlin. They are looking for weakness—any sign of weakness. Let us not give them such a sign today.

Mr. ULLMAN. Mr. Chairman, I do not believe that we should abolish the draft at this time. A critical manpower need exists and for the present at least, the draft is essential to the meeting of that real need. However, as with any continuing program, I believe it incumbent upon Congress to periodically reexamine the existing situation. A 2-year extension would insure a continuous supply of manpower for the immediate future and at the same time would allow time for a proper study of the problem to pave the way for a more workable and equitable program better designed to meet the future defense needs of our country.

I remain unconvinced that a blanket 4-year draft extension is essential. We have been told it has been done that way in the past with the implication that it consequently should be done that way in the future. I disagree. No arguments have been advanced on behalf of the 4-year draft that cannot be equally well met by a 2-year draft.

Confident that this shorter extension, coupled with a study commission, will maintain our defense needs, I voted for the amendment for a 2-year extension, but will support final passage because of my conviction that some extension is necessary at this time.

Mr. SMITH of Iowa. Mr. Chairman, as we are called upon to vote upon H.R. 2260, which will extend the draft for 4 more years, I find myself in the position of being dissatisfied with the operation of the draft in some respects and at the same time reluctantly concluding that voting against the bill is not the way to correct the matters to which I object. I have read the testimony before the committee word for word and all of the reports. I have very seriously considered voting against this bill and for that reason spent about 14 hours carefully reading every piece of material and chart available. The statistical matter confirms conversations and communications which I have had from persons in the district I represent, to the effect that the military has been reducing the number of Ready Reserves and in some instances refusing to take men into the Ready Reserves when at the same time they are drafting new men into service who do not want to leave their civilian pursuits. It seems inexcusable to me that someone who wants to serve and be a minuteman, is refused the opportunity to do so; at the same time someone else is refused the opportunity to stay out of the service. Another thing that I dislike is not having a program for selectees where they can take about 3 months of intensive training and return under a Reserve obligation to become a part of the Ready Reserve. Many of these boys have an extreme hardship when taken away for a 2-year period, but almost all of them could be away for a 3-month period and then come home and remain in the Ready Reserve without nearly so much sacrifice. The other reason I feel so strongly about this is that many of these young men that were drafted for a 2-year period have told me that only the first 3 months of their tour of duty was spent learning how to be a soldier. Too many of these who are inducted spend most of their 2-year period either doing nothing, or cooking, chauffeuring, or doing something unrelated to the defense of our country. I object to inducting young men for these kinds of jobs. There are civilians who would like to have a job cooking in Army camps and my experience has been that no matter how much experience young men have at cooking with military recipes, the food still is no better.

I am very much impressed, however, with the figure shown in the report which indicates that of the men who reach 26 years of age and therefore have graduated from the 8-year period during which they were liable under the Selective Service Act for military obligation, over 70 percent received military training of some kind and that 286,000 were inductees, 467,000 were volunteers, and 17,000 had entered the Reserves or National Guard. It is very clear to me from these figures that even if the military would keep everyone who wants to stay in the Ready Reserves and even if it did not waste men, it still would be unable to maintain the forces that the experts conclude we need. I was also informed upon questioning the gentlemen from Texas [Mr. KILDAY], a long-time member of the Armed Services Committee and regarded as an expert on personnel matters on the committee, that I am not alone in feeling that the Military Establishment has not done the best job that it could in all of these matters; however, it has been brought to my attention that when the appropriations for the military are brought before the Congress there is some opportunity to review these matters and Congress can make some qualifications in expenditures in the fields which may help in the situation. It is a very bad situation when we try to administer as well as legislate, but it is also recognized as a fact by many of us that too many of the military are not as imbued with the necessity of avoiding waste in the military as most of us are and if the administration is unwilling to do anything about it then there is no choice but for the Congress to do everything it can. I am voting for the 4-year extension of the draft but I am also going to go to work to do what I can to help reduce the number of selectees that are inducted to take the place of other young men who are refused the opportunity to be a member of the Ready Reserves. We must do this even if it requires placing qualifications on the appropriations for the military.

It seems to me that we must vote for an extension of the Military Training and Service Act today and then continue to do all that we can to alleviate the necessities for using it to the extent that it has been used in the past.

The CHAIRMAN. Under the rule, the Committee will now rise.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. SIKES, 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. 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; pursuant to House Resolution 153, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

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

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

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

Mr. MASON. Mr. Speaker, I have a motion to recommit, which is at the desk.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. MASON. I am, Mr. Speaker.

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

The Clerk read as follows:

Mr. MASON moves to recommit the bill H.R. 2260 to the Committee on the Armed Services.

Mr. VINSON. Mr. Speaker, I move the previous question.

The previous question was ordered.

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

The motion to recommit was rejected.

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

Mr. VINSON. 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 381, nays 20, answering "present" 1, not voting 32, as follows:

[Roll No. 6]

YEAS—381

Abbitt	Byrne, Pa.	Friedel
Abernethy	Byrnes, Wis	Fulton
Adair	Cahill	Gallagher
Addonizio	Canfield	Garmatz
Albert	Cannon	Gary
Alexander	Casey	Gathings
Alford	Cederberg	Gavin
Alger	Celler	George
Allen	Chamberlain	Giaimo
Anderson, Mont.	Chenoweth	Glenn
	Chiperfield	Granahan
Andrews	Church	Grant
Anfuso	Clark	Gray
Arends	Coad	Griffin
Ashley	Coffin	Griffiths
Ashmore	Cohelan	Gubser
Auchincloss	Collier	Haley
Avery	Colmer	Hall
Ayres	Conte	Halleck
Bailey	Cook	Halpern
Baker	Cooley	Hardy
Baldwin	Corbett	Harris
Barden	Cramer	Harrison
Baring	Cunningham	Hays
Barr	Curtin	Healey
Barrett	Curtis, Mass.	Hébert
Barry	Daddario	Hechler
Bass, Tenn.	Dague	Hemphill
Bates	Daniels	Henderson
Baumhart	Davis, Ga.	Herlong
Becker	Delaney	Hess
Beckworth	Dent	Hiestand
Belcher	Denton	Hoeven
Bennett, Fla.	Derounian	Hoffman, Ill.
Bennett, Mich.	Derwinski	Hogan
Bentley	Devine	Holifield
Berry	Diggs	Holland
Betts	Dingell	Holt
Blatnik	Dixon	Holtzman
Blitch	Dollinger	Horan
Boggs	Dooley	Hosmer
Boland	Dorn, N.Y.	Huddleston
Bolling	Dowdy	Hull
Bolton	Downing	Ikard
Bonner	Doyle	Irwin
Bosch	Dulski	Jackson
Bow	Durham	Jarman
Bowles	Dwyer	Jennings
Boykin	Edmondson	Jensen
Boyle	Elliott	Johansen
Brademas	Everett	Johnson, Calif.
Bray	Fallon	Johnson, Md.
Breeding	Fascell	Johnson, Wis.
Brewster	Feighan	Jonas
Brock	Fenton	Jones, Ala.
Brooks, La.	Fino	Jones, Mo.
Brooks, Tex.	Fisher	Judd
Broomfield	Flood	Karsten
Brown, Ga.	Flynn	Karth
Brown, Mo.	Flynt	Kasem
Brown, Ohio	Foley	Kearns
Broyhill	Forand	Kee
Budge	Ford	Keith
Burdick	Forrester	Kelly
Burke, Ky.	Fountain	Keogh
Burke, Mass.	Frazier	Kilburn
Burleson	Frelinghuysen	Kilday
Kilgore	Mumma	Scherer
King, Calif.	Murphy	Schwengel
King, Utah	Natcher	Scott
Kirwan	Nelsen	Selden
Kitchin	Nix	Shelley
Kluczynski	Norblad	Sheppard
Knox	Norrell	Short
Kowalski	O'Brien, Ill.	Sikes
Lafore	O'Brien, N.Y.	Simpson, Ill.
Laird	O'Hara, Ill.	Simpson, Pa.
Landrum	O'Hara, Mich.	Sisk
Langen	O'Konski	Slack
Lankford	O'Neill	Smith, Calif.
Latta	Oliver	Smith, Iowa
Lennon	Osmers	Smith, Miss.
Lesinski	Ostertag	Smith, Va.
Levering	Patman	Springer
Libonati	Pelly	Staggers
Lindsay	Perkins	Steed
Lipscomb	Pfost	Stratton
Loser	Pilcher	Stubblefield
McCormack	Pillion	Sullivan
McCulloch	Pirnie	Taber
McDonough	Poage	Teague, Calif.
McDowell	Poff	Teller
McFall	Polk	Thomas
McGinley	Preston	Thompson, La.
McGovern	Price	Thompson, N.J.
McIntire	Prokop	Thompson, Tex.
McMillan	Pucinski	Thomson, Wyo.
McSween	Quie	Thornberry
Macdonald	Quigley	Toll
Machrowicz	Rabaut	Tollefson
Mack, Ill.	Rains	Trimble
Mack, Wash.	Ray	Tuck
Madden	Reece, Tenn.	Udall
Magnuson	Rees, Kans.	Ullman
Mahon	Reuss	Utt
Mailliard	Rhodes, Ariz.	Vanik
Matthews	Rhodes, Pa.	Van Pelt
May	Riehlman	Van Zandt
Merrow	Riley	Vinson
Metcalf	Rivers, Alaska	Wainwright
Michel	Rivers, S.C.	Wallhauser
Miller, Clement W.	Roberts	Walter
	Robison	Wampler
Miller, George P.	Rodino	Watts
	Rogers, Colo.	Weaver
Mills	Rogers, Fla.	Weis
Minshall	Rogers, Mass.	Westland
Mitchell	Rogers, Tex.	Wharton
Moeller	Rooney	Whitten
Monagan	Roosevelt	Widnall
Montoya	Rostenkowski	Willis
Moore	Roush	Wilson
Moorhead	Rutherford	Wolf
Morris, N. Mex.	St. George	Wright
Morris, Okla.	Santangelo	Yates
Morrison	Saund	Young
Moss	Saylor	Younger
Multer	Schenck	Zablocki

NAYS—20

Carter	Lane	Shipley
Dorn, S.C.	Marshall	Siler
Green, Oreg.	Mason	Smith, Kans.
Gross	Meyer	Wier
Harmon	Moulder	Williams
Hoffman, Mich.	Philbin	Winstead
Kastenmeier	Porter	

ANSWERING "PRESENT"—1

Johnson, Colo.

NOT VOTING—32

Andersen, Minn.	Donohue	Morgan
	Evins	Murray
Aspinall	Farbstein	Passman
Bass, N.H.	Fogarty	Powell
Buckley	Green, Pa.	Reed
Bush	Hagen	Spence
Carnahan	Hargis	Taylor
Chelf	Martin	Teague, Tex.
Curtis, Mo.	Meader	Whitener
Davis, Tenn.	Miller, N.Y.	Withrow
Dawson	Milliken	Zelenko

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Buckley for, with Mr. Powell against.

Mr. Aspinall for, with Mr. Johnson of Colorado against.

Until further notice:

Mr. Passman with Mr. Martin.

Mr. Teague of Texas with Mr. Meader.

Mr. Carnahan with Mr. Bass of New Hampshire.

Mr. Donohue with Mr. Taylor.

Mr. Evins with Mr. Milliken.

Mr. Farbstein with Mr. Miller of New York.

Mr. Green of Pennsylvania with Mr. Andersen of Minnesota.

Mr. Morgan with Mr. Bush.

Mr. Whitener with Mr. Curtis of Missouri.

Mr. Zelenko with Mr. Withrow.

Mr. Fogarty with Mr. Reed.

Mr. JOHNSON of Colorado. Mr. Speaker, I have a live pair with the gentleman from Colorado [Mr. ASPINALL]. If he were present, he would vote "yea." I voted "nay." I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. VINSON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to extend their own remarks in the RECORD.

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

There was no objection.

JOINT COMMITTEE ON WASHINGTON METROPOLITAN PROBLEMS

Mr. McMILLAN. Mr. Speaker, I ask unanimous consent for the immediate consideration of the concurrent resolution (S. Con. Res. 2) continuing the Joint Committee on Washington Problems.

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

There was no objection.

The Clerk read the Senate concurrent resolution, as follows:

Resolved by the Senate (the House of Representatives concurring), That the Joint Committee on Washington Metropolitan Problems created by H. Con. Res. 172, agreed to August 29, 1957, is hereby continued through September 30, 1959.

SEC. 2. The joint committee is hereby authorized to make expenditures from February 1, 1959, through September 30, 1959, which shall not exceed $30,000, to be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the joint committee.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

BOARD OF VISITORS TO THE U.S. COAST GUARD ACADEMY

The SPEAKER laid before the House the following communication, which was read by the Clerk:

HOUSE OF REPRESENTATIVES, U.S.,
COMMITTEE ON MERCHANT MARINE AND FISHERIES,
Washington, D.C., January 31, 1959.

Hon. SAM RAYBURN,
Speaker of the House of Representatives,
U.S. Capitol Building,
Washington, D.C.

DEAR MR. SPEAKER: Pursuant to section 194 of title 14 of the United States Code, I have appointed the following members of the Committee on Merchant Marine and Fisheries to serve as members of the Board of Visitors to the United States Coast Guard Academy for the year 1959: Hon. GEORGE P. MILLER,

California; Hon. ALTON LENNON, North Carolina; and Hon. WILLIAM S. MAILLIARD, California.

As chairman of the Committee on Merchant Marine and Fisheries, I am authorized to serve as an ex officio member of the Board.

Sincerely,

HERBERT C. BONNER,
Chairman.

ADJOURNMENT OVER

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

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

There was no objection.

LEGISLATIVE PROGRAM

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

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

There was no objection.

Mr. HALLECK. Mr. Speaker, I have asked for this time in order to inquire of the majority leader as to the legislative program for next week. I think I might follow that request for information by suggesting that, of course, next week is Lincoln's birthday which is a matter of tremendous interest to many people on my side of the aisle. In addition, we are going to have a joint session here on Thursday which, I hope, will be attended by as many Members as can be here. With that statement, I would like the gentleman from Massachusetts to tell us what we may expect in the way of a legislative program next week.

Mr. McCORMACK. Recognizing that situation and also recognizing the fact that our Republican friends have special callings or responsibilities next week, I am happy to announce that there will be no business scheduled for next week.

Mr. HALLECK. I thank the gentleman. In other words, we will meet on Monday and go over to Thursday and then go over to the following Monday?

Mr. McCORMACK. We will meet on Monday, but do not hold me on the matter of going over to Thursday, although I expect that will be the situation. I do not want to be committed to that at this time. In the event that some Members have special orders on Wednesday, we would not want to deprive them of that. But that can be worked out on Monday. But, in any event, there will be no business scheduled and Members can govern themselves accordingly.

Except, of course, there is this one reservation—I know of nothing right now, but if anything goes through by unanimous consent they will only be minor matters which will be carefully screened. The Members know that anything that is passed by unanimous consent will be carefully screened by the leadership on both sides and by the ranking member of the committee affected.

Mr. HALLECK. I thank the majority leader for his consideration and cooperation.

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

Mr. HALLECK. I yield.

Mrs. ROGERS of Massachusetts. Will the gentleman tell me what is coming up 1 week from Monday? Has he any program for 1 week from Monday?

Mr. McCORMACK. I would say nothing 1 week from Monday. When I make a promise I keep it.

Mrs. ROGERS of Massachusetts. That is true, I know.

Mr. McCORMACK. I do not want to make a promise, but I think the membership may reasonably govern themselves, that there will be nothing coming up a week from Monday. I do not want to be definitely committed to that, but I think the Members can act accordingly.

Mrs. ROGERS of Massachusetts. The gentleman's word is his bond.

Mr. McCORMACK. I thank the gentlewoman.

IMMIGRATION OF EDUCATIONAL EXCHANGE PERSONNEL

Mr. WALTER. 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 Pennsylvania?

There was no objection.

Mr. WALTER. Mr. Speaker, this appears to be an appropriate time to explain to the House the policy of the Subcommittee on Immigration and Nationality of the Committee on the Judiciary in immigration cases involving aliens who entered this country under the international educational exchange program or—subsequent to entry—acquired the status of exchange students, exchange trainees, exchange professors, and so forth.

In my opinion, the exchange program is one of the finest manifestations of international cooperation and one of the most useful mutual assistance programs in which this country is engaged. It is an exchange of brainpower, if I may say so, exchange of experience in the technical know-how and in intellectual achievement, implementing most appropriately the military and economic mutual assistance undertakings.

The legal basis for the program is section 201 of the act of January 27, 1948, known as the Smith-Mundt Act, amended by section 402(f) of the Immigration and Nationality Act, the Walter-McCarran Act.

The law authorizes the Secretary of State to provide for interchanges on a reciprocal basis between the United States and other countries of students, trainees, teachers, guest instructors, professors and leaders in fields of specialized knowledge or skill. It further authorizes the Secretary of State to provide for orientation courses and other appropriate services for exchange personnel coming here from other countries and for Americans, or residents of this country, going abroad under the program. The law states further that the Secretary of State shall terminate or limit the educational exchange program with respect to a country which fails or refuses to cooperate in the program on the basis of reciprocity.

Conversely, the participating countries retain the right to terminate or modify the terms of their cooperation with the United States if we do not fulfill the requirements of reciprocal service.

Exchange personnel selected for the purposes of the program are admitted to the United States as nonimmigrants, pursuant to section 101(a)(15) of the Immigration and Nationality Act. For the purpose of easy identification of the terms of their admission, it has been administratively decided to mark their nonimmigrant visas with the symbol "EX."

Mr. Speaker, the international educational exchange program was not very long in operation when an increasing number of exchange personnel—most of them persons with impressive educational background and professional skills in many fields of human endeavor—have undertaken attempts to remain in the United States permanently. Their reluctance to depart from this country in accordance with the terms of their admission and their desire to settle in the United States were obviously prompted or stimulated by the fact that many American institutions of learning, hospitals, industrial corporations, laboratories, and so forth, became attracted to the highly skilled individuals and offered them permanent employment. Quite obviously, the opportunities offered by the prospective employers in the United States appeared much more interesting to the foreign physician, engineer, surgeon, mathematician, nurse, and so forth, as the salaries or other forms of remuneration looked more attractive than what she or he could expect in their own land. Also, some of the EX visitors developed family ties in this country through marriage to U.S. citizens, or to lawfully residing aliens, and not infrequently an exchange student would marry another exchange student whom he met in this country. The birth of children to these couples is similarly a not infrequent event.

Soon, private legislation appeared in the hoppers of the House and the Senate, seeking adjustment of immigrant status in cases of EX visitors where such adjustments were not feasible under administrative procedures.

The number of exchange visitors applying for permanent residence in the United States has markedly increased as the years went by, causing considerable concern first to the foreign governments who sent to the United States for education and training the cream of the crop of their youth, and then to our own Department of State where it was soon realized that to retain the exchange trainees in the United States after the completion of their education, would, of course, have the effect of nullifying the exchange program.

Consequently, in 1955, the Department of State recommended the enactment of a bill which would make it impossible for the exchange alien to remain in the United States without first departing from this country for a certain period of time and spending that

time in his own country. Thus, before returning here, the trainee would be forced to give his own country and his own countrymen the benefit of the knowledge and experience which he acquired in this country.

In supporting this legislation, the Department of State stressed that the EX visitors who fail to return home negate the objectives of the exchange program in which the United States has invested a great deal of money and effort. The Department of State pointed out at that time that as many as 16 foreign countries indicated their intention to withdraw from the program if the United States continued to keep the best of the trainees for its own use, thus depriving the respective countries of their services and voiding all private and public efforts invested in the building up of that priceless capital which human brain and know-how represents in the modern world.

The bill recommended by the Department of State was introduced by the gentleman from Minnesota [Mr. JUDD] and referred to the Committee on Foreign Affairs. It passed the House and the Senate and became Public Law 555 of the 84th Congress—the act of June 4, 1956. Briefly, it provides that a person admitted to the United States under the international exchange program is not eligible to obtain the status of an immigrant admitted for permanent residence until it is established that such person has resided and been continuously physically present in a cooperating country or countries for an aggregate period of at least 2 years following departure from the United States. The law provides for the granting of waivers from this obligatory 2 years' residence abroad, but such waivers may be granted by the Attorney General only upon the request of an interested agency of the United States Government and the recommendations of the Secretary of State if it is found that the granting of such waiver is in the public interest. This provision of the law has been somewhat extended through administrative interpretation so that on rather rare occasions waivers are granted in order to avoid extreme hardship which might be caused by the EX visitor's enforced departure from this country.

Both before and after the enactment of the act of June 4, 1956, the Committee on the Judiciary has not looked with favor upon private relief legislation affecting EX visitors. Its detrimental effect on the international educational exchange program was, of course, quite obvious to us. However, when in a particular case a very strong showing of equities was made to the committee, a Senate bill admitting an EX visitor for permanent residence passed the Senate and the House. On June 3, 1955, the President returned the bill, refusing to approve it and sending a veto message containing this paragraph:

> All of the exchange programs are founded upon good faith. We can maintain them as effective instruments for promoting international understanding and good will only if we insist that the participants honor their commitments to observe the conditions of the exchange in the same way that they expect the United States to honor its obligations to them. On the one hand, exchange aliens must return to the country from which they came. On the other hand, the United States must not permit either immediate reentry or other evasion of the return rule. Otherwise, the countries from which our exchange visitors come will realize little or no benefit from the training and experience received in the United States, and we shall fail to promote good will toward and better understanding of our way of life.

Soon after this veto message was received, three Senators served notice that in an effort to protect the international educational exchange program, they intend to object on the floor of the Senate to every private bill under which an EX visitor would obtain permanent residence in the United States.

Mr. Speaker, the subcommittee of the Committee on the Judiciary which has jurisdiction over immigration legislation shares the views expressed by the President as well as the sentiments voiced in the Senate. My colleagues have authorized me to state that it remains our policy not to act favorably on private legislation of this type. I believe that it is my duty to inform my colleagues in the House that under this policy, private legislation affecting the immigrant status of exchange personnel will not be favorably reported to the parent committee. Consequently, the introduction of such legislation would seem not to serve a useful purpose.

Mr. Speaker, we have to bear in mind that all that existing statutes require is that the EX visitor spend not more than 2 years, in his own country preferably, or in another cooperating country, and that he thus comply with a simple moral obligation to have his countrymen benefit from the experience and education he acquired in the United States. Is not this a truly minimum requirement? And I am sure that compliance with this most sensible injunction could not possibly cause undue hardship to anyone.

It is important to bear in mind that the various American institutions, firms, corporations, and even individuals who desire to secure the services of the skilled alien for themselves, would not be deprived of this benefit for more than approximately 2 years. The enactment of the so-called Walter-McCarran Act, with its section 203(a), under which first preference is granted to highly skilled individuals whose services are needed in the United States, made the admission of the highly skilled alien much easier than was the case under the law previously in effect. In order to facilitate the return of the EX visitor upon his compliance with the 2 years' foreign residence requirements, any American institution of learning, a hospital, a laboratory, even a private firm or an individual, could file with the nearest office of the Immigration and Naturalization Service an application Form I–129, under which such alien, and the members of his immediate family, are granted first preference status under the immigration quota to which they are chargeable. There is every reason to believe that such first preference immigrant visas will be available for the alien so classified and for his spouse and children, if any, by the time he is eligible to return to the United States for permanent residence. Upon making an entry for permanent residence, he will be eligible for naturalization after complying with the other requirements of title III of the Immigration and Nationality Act.

Mr. Speaker, I feel that I have to add to this explanation one note of warning to the EX visitors. I am informed by the Departments of State and Justice that a considerable number of EX visitors file applications for a waiver of the 2 years' foreign residence requirements of Public Law 555 of the 84th Congress not only on the ground that their services are needed in the United States but on the ground that they married United States citizens and on many occasions had even a child, or children, born in the United States.

As I said before, very few administrative waivers are granted and here again the Committee on the Judiciary agrees with the policy of the Department of State refusing to recognize that hardship would ensue in the event that the American spouse, with or without children, would have to spend 2 years abroad or that there will be a relatively short period of separation involved. The warning I wish to give to all concerned is that under existing regulations, the filing of an application for a waiver under Public Law 555 of the 84th Congress automatically terminates the applicant's exchange visitor's status in this country, inasmuch as he obviously states his intention to remain in the United States permanently and therefore cannot be regarded any more as a bona fide EX visitor. It is most important therefore that a great deal of thought be given by everyone before such application is filed.

I hope that my colleagues in the House will readily recognize and share our motives in dealing with the exchange personnel's immigration problems. We simply refuse to contribute to the breakdown of a most useful program which would continue to bring us important moral and material profits only if our investment in it is well protected.

ABUSE OF THE PASSPORT PRIVILEGE

Mr. SELDEN. 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 Alabama?

There was no objection.

Mr. SELDEN. Mr. Speaker, I call to the attention of the House an attack on the United States made by an American Communist at the 21st Russian Communist Party Congress.

On February 2, James Jackson, secretary of the Communist Party of the United States, told the Soviet Congress:

> If President Eisenhower could also say, as Nikita Khrushchev did in his report, that in the United States there is not a single political prisoner, then many leaders of the Communist and workers movement of the United States would be able to be present here and to greet the delegates of the Congress.

Mr. Speaker, no one stands more strongly for free speech than I do. I

think our system is so strong that it can withstand any oral brickbats thrown at it. I believe our diplomacy is effective enough so that we can take in our stride spoken criticism of our foreign policy by American Communists who travel abroad.

But I point out to the House that this American, Jackson, addressed a Soviet body—the Soviet Communist Party Congress—that supposedly sets Soviet Communist Party, and hence Soviet Government, policies. In 1933 the Soviet Government was recognized on the basis of formal agreement by its Foreign Minister that there would be no Moscow directed, or assisted, Communist activity in the United States.

Yet here is an American Communist—James Jackson—who has the insolence publicly to report in Moscow that the American Communist Party "takes part in the daily fight to improve workers."

How did this American speaker to the Soviet Party Congress get to Moscow? James Jackson traveled on a valid United States passport. He was thus entitled to the aid of American officials overseas and to good treatment by foreign governments. Our Secretary of State was unable, as the result of two Supreme Court decisions handed down last June, to deny a passport to Jackson and consequently to keep him from wrapping himself in the protection of the American flag.

Does any Member of this House favor giving a passport to a man so that he can attack the United States before a foreign policymaking body? Does any Member of the Congress favor letting American Communists travel abroad who serve the Soviet Union as espionage agents, couriers, or saboteurs?

Civil liberties are not involved here. Neither are the rights of ordinary American citizens who hold and expound unorthodox beliefs. Subversion is involved. Our officials are compelled today to give passports not only to the Jacksons but to Americans who have acted as Communist couriers and to Americans who have played a part in the theft of our secrets.

No other government does this. We properly do things in the field of human liberty that most other governments do not. But not things that are plainly idiotic. No responsible government assists those who would destroy it, particularly a government with a democratic and equitable system which protects human liberties under a system of law.

James Jackson did not tell the Soviet meeting how many American Communists have seized upon the legal protection of the fifth amendment. He did not say that anyone who is in jail in the United States is there by due legal process. He did not say that many Communists are at liberty because of this process. That would not serve the Soviet purpose.

In addition to Jackson, other persons with known records of Communist affiliations have received passports since last June when the Supreme Court of the United States held that the Secretary of State, under existing law, has no authority to deny passports to members of the Communist Party. Also, I have been informed that a deluge of people with records of Communist affiliations have applied for passports since the Supreme Court's decisions of June last and that applications are still flowing in.

The President of the United States made it clear in a special message to Congress last July that quick action is necessary to protect us from this danger. The following month, the House of Representatives adopted, without a dissenting vote, a measure that would give the Secretary of State, subject to administrative and judicial review, the necessary authority to deny passports to members of the Communist Party. Due to the last minute adjournment rush, this legislation was not considered by the United States Senate.

I have introduced a measure (H.R. 55) dealing with this matter, which is identical to the bill that was passed by the House of Representatives last August. I trust that early action will be taken on this legislation in both the House and the Senate in order to close a serious breach in our defenses.

SOCIAL SECURITY AT AGE 60

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

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

There was no objection.

Mr. RODINO. Mr. Speaker, I am speaking to you today in support of my bill, H.R. 1955, to make full social security insurance benefits available to men and women at age 60.

In doing so, I am urging Congress to take a hard and realistic look at our social-security legislation, and to determine whether it has not perhaps become obsolete in view of today's needs.

This is not a bill to condemn our older citizens to statutory senility at age 60. It is a bill to enable them to look toward their later years with some degree of confidence, to take some of the terrible anxiety out of the aging process.

The fact is that many workers are being forced into retirement, usually against their will, long before they reach age 65. The present social security age requirement makes no allowance for this problem. Social-security insurance beneficiaries must wait until they are 65 to receive payments, even though they have actually had to retire several years before. I say they "had to retire" advisedly, because this is what has happened in most cases. Statistics will bear me out on this. The Social Security Administration made a survey in 1951, which resulted in this important finding: Only about 5 percent of the beneficiaries retired voluntarily while in good health to enjoy their leisure. The rest had lost or quit their jobs for reasons largely beyond their control. More than half the retired workers receiving old-age insurance benefits quit their jobs, but the overwhelming majority of these did so because of poor health. Persons who quit for health reasons, added to those who were forced to retire because they had lost their jobs, brought to more than four-fifths the proportion of beneficiaries who had been forced into retirement.

Consider the plight of the older worker who finds himself on today's job market. There is a lot of pious talk, in government and outside, about how much these people can still contribute to our productivity. This is unquestionably true. Many of our people at age 60 are completely free of the infirmities of age and illness, and most others are still capable of performing some useful work. But try to convince the employer of this. The Federal Government is trying to make some headway in behalf of the older jobseeker, an effort I heartily endorse. There is no question, however, that increasing age is still accompanied by an insurmountable barrier of discrimination. Many employers simply refuse to hire men and women who are approaching old age, or even those who are in their active middle years.

Let us look at some statistics, released by the Department of Labor in 1956 after a seven-area survey of the older worker in the labor market. This report showed that while workers 45 years of age and over comprised 40 percent of the jobseekers in the seven areas, they obtained only 22 percent of the jobs filled by employers during the year under study. Both men and women encountered similar difficulties. Men of 45 or older, representing more than two-fifths of all male jobseekers, received less than one-fourth of all the jobs filled by men. Women in the same age group comprised one-third of the female unemployed, and received only about one-sixth of the openings given to women.

This discrimination can come as no surprise to anyone. It is only necessary to glance through the classified ads of any of our newspapers, to find that age restrictions are listed openly by many employers.

Even when facing job discrimination, many older workers continue somehow to earn a decent living. The average age at which men actually leave their jobs and apply for benefits is over 68, although social security benefits can be collected at age 65. The people we need to think about now are those who, because of advancing years, are not able to find work at all, or who can find only part-time, temporary, or low-paying work which does not assure them of even a subsistence income. These people can and will continue to work whenever possible. But when part-time employment fails to bring in enough, or bad times lead to unemployment, or infirmity destroys their earning power, they should be able to look somewhere for assistance.

There is no need to make them charity cases—an expensive, demoralizing, unimaginative, and totally unsatisfactory solution to the problem. Certainly most of our older workers, who have known the dignity that comes with being self-supporting, do not care to be thrust suddenly into a position of complete dependence on outside support. It makes much more sense to allow them to draw upon their share of social security insurance benefits, to which they have contributed, at a time when they need them.

We are becoming increasingly aware of the need to solve some of our most pressing social problems. We are taking steps to provide inexpensive housing for those who need it, as well as adequate medical care. But for a large group of people who are under age 65, and who are facing compulsory retirement, we are doing very little, indeed. It is fine to tell them that they can look forward to some degree of security when they reach the magical age of 65. It seems to me, however, that this promise is worth very little when the years before must be ones of destitution and privation.

If we sincerely hope to solve some of our society's greatest ills, we cannot afford to approach them haphazardly. A patchwork job, which fails to provide for great areas of need, must be corrected. There is no question in my own mind that a measure lowering the retirement age to 60 would be a major step in developing a sensible and comprehensive social security program.

What I am urging is not new to you. Many others, including myself, have previously endorsed legislation along these very same lines. But no positive steps have been taken, and the suffering of our older citizens has continued to mount. I think time is running out. Generous thoughts must give way to action. There may have been a time when we could afford to procrastinate, but in view of the rapidly expanding number of older people in our country, this is no longer possible. What we have today is an aging, largely urban population, struggling to survive the dislocations and complexities resulting from a growing, expanding economy. If we are to save our older men and women from disease and despair, we must help them in this struggle. And we must help them now.

ONE HUNDREDTH ANNIVERSARY OF THE FOUNDING OF LANSING, MICH.

Mr. CHAMBERLAIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, and to revise and extend my remarks.

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

There was no objection.

Mr. CHAMBERLAIN. Mr. Speaker, in 1959, the city of Lansing, Mich., commemorates its 100th anniversary.

In a young country like the United States, a 100th anniversary is an important milestone in the history of any city.

But the centennial of a capital city of one of America's greatest industrial States has particular significance. It is a reminder of how the industry of our country has in such a short time brought the United States into world leadership.

It is a time not only for the city to be proud, but for the State and the country to be proud. It is even a time for them all to boast and brag a little of what Lansing's accomplishments mean in the State, National, and world picture.

We are highlighting these achievements in Michigan's capital with a 4-month centennial celebration beginning with the dedication ceremonies on February 16, and I would be delighted to have any of my colleagues attend these programs as my guest.

Climaxing the events to be staged in conjunction with the centennial program during the month of May will be a century of music, a history of transportation parade, and a transportation and industrial show, and in June an outdoor historical spectacular. Before these highlighted events will be others equally as significant, including a centennial fashion show, tree planting, ball, antique show, and many other special events.

The Post Office Department has given a special cancellation to the city of Lansing to be used during the centennial. As the Congressman who proudly represents the Sixth District of Michigan which includes the city of Lansing, I am introducing a bill to provide for the issuance of a special postage stamp to commemorate the city's 100th anniversary.

I trust that my colleagues will support this legislation, and that the members of the Post Office and Civil Service Committee will give it their early and favorable consideration.

SOVIET MILITARY AUTHORITIES IN GERMANY

Mr. CONTE. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes, and to revise and extend my remarks.

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

There was no objection.

Mr. CONTE. Mr. Speaker, for 2 days earlier this week the Soviet military authorities in Germany, in a flagrant violation of all legal or moral rights, held up a U.S. Army convoy at Marienborn checkpoint inside East Germany.

This convoy, on its way from free Berlin to West Germany, was traveling on the Autobahn to which our military vehicles are supposed to have free access. The convoy was delayed because the Soviets insisted on the right to inspect the cargo, a right they have never had.

It is clear to all of us, Mr. Speaker, that this was another effort of the Communists to throw the Western World off its guard and to weaken our position in any forthcoming talks on the Berlin and German situations.

We in the West are becoming accustomed to the tactics of threat and blackmail which the Bolshevists have always used to accomplish their ends. We know that we must withstand such pressures with iron nerves and unflinching determination.

Our diplomats and top military leaders, well experienced in dealing with Communist threats and pressures, know how to react to such situations. But I would like to draw the attention of the House today to the one individual in this week's crisis who had to bear, most directly, the tremendous Communist pressure.

That individual was Cpl. Richard C. Masiero, of West Stockbridge, Mass., one of my constituents. As the man in charge of the covoy held at Marienborn, Corporal Masiero had a tremendous responsibility. He was under the strictest orders to show the Soviet officials the manifest orders, but not to let them inspect the cargo. He had to see to it that these orders were scrupulously carried out. He had to be polite but firm with the Red army officials, taking care not to make any chance remarks which might cause a serious incident. It is clear that Corporal Masiero, as he and his men waited for many long hours before their release, was in an extremely delicate position, a position requiring the utmost in courage, patience and careful behavior.

Corporal Masiero discharged his responsibilities in the very finest manner, bringing credit on himself, his family and the U.S. Army. I am personally acquainted with this young man, and I had the greatest confidence that he would successfully handle himself in that precarious situation.

We are all tremendously relieved, Mr. Speaker, that this convoy has been released. But I think that all of us must look with the utmost concern on what is happening in Germany. The present interference with American convoys recalls the same tactics, employed by the Soviets before they imposed the blockade in 1948.

In the months ahead our country and the other Western allies are going to be subjected to tremendous pressure to relinquish our rights of free access to Berlin. The Soviets, through tactics of alternating threat and cajolery, will try to make us abandon our position in free Berlin. We will be threatened with atomic war if we resist, and offered the sugar pill of a U.N.-supervised free city of West Berlin if we acquiesce.

The purpose of these Soviet maneuvers is clear. Once the Western allies have been ousted from Berlin, the Soviets will be in a position to take over that city and incorporate it in their puppet state of East Germany. If they succeed in this venture, the 2,200,000 inhabitants of West Berlin will lose their freedom and be consigned to Communist tyranny. The firm anti-Communist stand of West Germany will be weakened, and the entire North Atlantic Treaty Organization will be undermined—perhaps fatally. The Communists will have won a decisive victory in the cold war.

Mr. Speaker, I have the feeling that our entire Nation is facing this impending crisis with little appreciation of the trying times which lie ahead. Our national mettle may be tried to the utmost.

What we must hope for in the months ahead is that all of us will demonstrate the same courage, calmness, and resolve so well demonstrated by Corporal Masiero and his men at the isolated checkpoint in East Germany earlier this week.

BRILLIANT AND COLORFUL LOUISIANA MARDI GRAS BALL IN WASHINGTON

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the gentleman

from Louisiana [Mr. WILLIS] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. WILLIS. Mr. Speaker, it is Mardi Gras time again in Louisiana and also in Washington where the annual Mardi Gras Ball presented by the Louisiana State Society here will be staged tomorrow, Friday night, February 6, at the Sheraton Park Hotel.

This brilliant and colorful event is enjoyed by hundreds of persons each year, including many visitors from Louisiana. Honoring the State's sweetpotato industry, the 1959 ball will be the occasion for a pageant in which the king, queen, festival queens, maids, and escorts will form the royal court. The king will be Dr. Julian C. Miller, head of the Louisiana State University Horticulture Research Department and specialist in the development of the famed Louisiana yam as this delicious sweetpotato is popularly known. The queen will be Miss Linda Guidry, of Opelousas, who is also the 1958 queen of the Yambilee held each year in that city. She will be presented by Hon. LYNDON JOHNSON, majority leader of the U.S. Senate.

The festival queens to be presented during the ball, their home addresses, and the festivals over which they reign, are:

Miss Gloria Allen, Leesville, Holiday in Dixie Festival, Shreveport.

Miss Linda Lou Allen, Springhill, Peach Festival, Ruston.

Miss Sally Bisso, New Orleans, New Orleans Spirit of Mardi Gras, New Orleans.

Miss Catherine Bush, Bogalusa, American Legion Festival, Bogalusa.

Miss Carolyn Ann Cherry, Franklin, International Rice Festival, Crowley.

Miss Ann Giordano, Morgan City, Shrimp Festival, Morgan City.

Miss Linda Guidry, Opelousas, Yambilee, Opelousas.

Miss Judy Haydel, Houma, Fur Festival, Cameron.

Miss Barbara Jean Hayden, Kentwood, Florida Parishes Festival, Kentwood.

Miss Sanda Hayes, Lafayette, Louisiana Gulf Coast Oil Festival, Lafayette.

Miss Charlotte Hayman, Bogalusa, Rose Festival, Bogalusa.

Miss Patricia Ann Healy, Covington, Tung Blossom Festival, Covington.

Miss Lillian Hewell, New Iberia, Delcambre Fishing Industry Festival, Delcambre.

Miss Jo Ann Hyde, Robert, Louisiana Market Poultry Show, Alexandria.

Miss Joan LaBorde, Marksville, Louisiana Livestock and Pasture Festival, Marksville.

Miss Marcy Lancaster, New Roads, Louisiana Sugar Cane Festival, New Iberia.

Miss Raedonna Lantz, Egan, Louisiana Farm Bureau Federation Festival, Baton Rouge.

Miss Pauline Lasserre, Lafayette, Southwest Louisiana Mardi Gras, Lafayette.

Miss Phylis LeBlanc, Delcambre, Future Farmers of America, Baton Rouge.

Miss Sanda Lynn Lemoine, Ville Platte, Cotton Festival, Ville Platte.

Miss Gladys Mestayer, New Iberia, Louisiana Dairy Festival, Abbeville.

Miss Tommie Jean Rayburn, Bogalusa, Louisiana Paper Festival, Bogalusa.

Miss Linda Marie Sullivan, Buras, Louisiana Orange Festival.

Miss Sallye Ann Sumlin, Delhi, North Louisiana Delta Festival, Bastrop.

Miss Camille Woodall, Oakdale, Forest Festival, Winnfield.

The maids, or ladies of the court, are Miss Mary Ann Basnight, Silver Spring, Md.; Miss Elizabeth Beyt, St. Martinville, La.; Miss Corinne Boggs, New Orleans; Miss Nina Claire Breaux, Carencro, La.; Miss Judith Rebecca Fletcher, Alexandria, La.; Miss Sandra Lynn Girouard, Kaplan, La.; Miss Tony Landry, New Iberia, La.; Miss Susan Virginia Phillips, Lafayette, La.; Miss Lynn Prescott, Bethesda, Md.; and Miss May Del Tinsley, Point a la Hache, La.

Also to be presented will be Miss U.S.A., Miss Arlene Howell, of Bossier, City, La., appearing through courtesy of Warner Bros. Pictures; and Miss Elizabeth Coit, of Newellton, champion yam cook of Louisiana.

Louisiana's senior Senator ALLEN J. ELLENDER is chairman of this year's Mardi Gras Ball, with President Felix M. (Dan) Broussard, of the Louisiana State Society, in general charge of arrangements, and United States Senator RUSSELL B. LONG, of Louisiana, directing the Krewe of approximately 75 costumed and masked funmakers who contribute much to the merriment and gayety of the event.

Members of the king's committee, from Louisiana, are R. J. Castille, Lafayette, chairman; J. J. Arceneaux, Opelousas; A. D. Miller, Lafayette; State Senator G. A. Ackal, New Iberia; A. A. Gonsoulin, Sunset; Mr. and Mrs. Milton Knox, Lafayette; and Robert Pettit, Lafayette.

Prominent Louisianians who will escort the ladies of the court include Lt. Gov. Lether Frazer, Warren Rabb, Ham Richardson, Paul Wooton, Bobby Baker, Dr. G. A. Ackal, J. J. Arceneaux, A. D. Miller, George Pettit, and Milton Knox. Coach Paul Deitzel, of Louisiana State University, will escort Miss Howell, and Billy Cannon will be the escort of Miss Coit.

Several young men from Louisiana attending school in Washington or assigned to the military service in this area will be among the escorts of the festival queens.

Among the many visitors to Washington to attend the Mardi Gras Ball from my congressional district, are Mr. Branan Beyt, king of the Louisiana Sugar Festival, and Mrs. Beyt; Mr. and Mrs. George Mestayer, New Iberia, parents of the queen of the Louisiana Dairy Festival; Dr. G. A. Ackal, State senator, New Iberia; Mr. and Mrs. Milton Knox, Mr. and Mrs. Jack Hayes, and Jack Francisco, all of Lafayette; Mayor Roy Theriot, of Abbeville; Benny Blakeman, clerk of court, of St. Mary Parish, and Jimmie Willis, of St. Martinville.

Other events, in connection with the Mardi Gras observance, were the king's reception at the Sheraton Park, a dinner and program in the blue room of the Shoreham Hotel, and a luncheon in the former U.S. Supreme Court quarters in the Capitol.

DISASTROUS AIRPLANE CRASH

Mr. LINDSAY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, and to revise and extend my remarks.

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

There was no objection.

Mr. LINDSAY. Mr. Speaker, I have just finished sending notes of sympathy to the families of three of my constituents who lost their lives in the disastrous crash day before yesterday of an American Airlines plane at the LaGuardia Airport. The names of the victims are: Edward N. Benjamin, 1155 Park Avenue, John A Hermann, 955 Park Avenue, and Peter Kefalas, 215 West 34th Street—all of New York City.

The tragedy and heartbreak of this event are unspeakable. One of those killed was Edward N. Benjamin, known to me chiefly by reputation as a young lawyer, a member of a leading law firm, and a promising leader of the community. To his widow and his children, and to the families of John Hermann and Peter Kefalas, go the sympathy of the entire community.

The rest of the country has suffered indescribable losses in the same manner.

I am aware and appreciative of the record of American Airlines for safety. Nevertheless, I deem it the responsibility of the Congress to see to it that the examination of the crash, the circumstances, and the reasons are fully and publicly explored.

INTER-AMERICAN RELATIONSHIPS

The SPEAKER. Under previous order of the House, the gentleman from Florida [Mr. SIKES] is recognized for 30 minutes.

Mr. SIKES. Mr. Speaker, we are living in a period of history when economic vision is needed as never before. The age-old concept of national self-sufficiency is out-of-date. Our modern needs are so all-comprehensive that we must have close ties with the countries in the whole world, especially countries in our own hemisphere. Our progress and safety in the Western World can only be found in genuine partnership by combining our resources and sharing them for better living in many fields.

One outstanding feature of our Western Hemisphere relations concerns the enlightened longrun self-interest which our countries have usually demonstrated in their international relationships. Never before have we in the Western Hemisphere had such a growing opportunity for consolidating our hemispheric solidarity by applying a greater concept of interdependence to our economic relationships.

Mr. Speaker, on August 20, 1958, I expressed my full support for an Inter-American Bank before this great body. At that time I was concerned over the apparent lack of active support being

shown by the United States for this institution. However, I am glad to say that today the establishment of an Inter-American Bank is more than an idea without concrete proposals.

Since the mid-thirties there have been demands for an institution of this kind which would assist in promoting the economic development and the economic cooperation of the Latin American countries. The Latin American countries are our next door neighbors, and I feel they are ready to accept their responsibility in a cooperative effort for solidarity of purpose among the Americas.

In the past the United States has refused financial support for the proposal. Recently, the policy of nonsupport has changed and we now find that the United States is presently engaged in negotiations with our Latin American neighbors looking toward the establishment of such an institution which would, in the words of the President, "facilitate the flow of public and private capital for economic development projects in this hemisphere and would supplement existing lending arrangements." Inasmuch as these negotiations are now in progress I would not like to prejudice the position of the U.S. negotiators or inhibit our Latin American friends from putting forth specific proposals of their own by making detailed proposals of my own. I do feel, however, that it is both timely and appropriate for me to point out certain aspects of such an institution which I hope will be fully explored in the creation of the proposed bank. I also feel that the American people must be kept aware of developments along these lines and that they be assured the new lending institution will not be just another segment of the foreign-aid program, but that it will be founded on Democratic principles with all of the Latin American countries making appreciable contributions to its capital and that they take an important role in the management of its operations. In the study I have made of the proposal and our policies, I am glad to say that I see a great future for the Inter-American Bank. This contemplates a future not dependent upon the sacrifices of the people of the United States, but a future based on sound principles of business principles through the cooperative efforts of the peoples of the Americas.

During the negotiations which are currently under way, it is my hope that all delegates will bear in mind that the paramount purpose of an inter-American Bank should be to support the economic development of Latin America. There are existing institutions which have, of course, contributed importantly to this function. The International Bank for Reconstruction and Development has assisted Latin America as one part of its total task of assisting the reconstruction and development of countries all over the world. On the national scale the Export-Import Bank has directed much activity toward facilitating investment in Latin America where that investment is directly associated with the export of U.S. goods and services.

The desirability of the new institution in the eyes of our neighbors is that it will concentrate specifically on the problems of Latin America. While the stage of economic development in Latin America varies substantially from country to country, the development problems of the area have many features in common. All the nations in Latin America have passed the earliest stages of industrialization; some of them have attained a high degree of industrialization, though usually in a relatively limited range of goods.

The Latin American countries are unique among the less developed countries of the world. They have a common heritage and have shown a real desire for mutual cooperation in achieving further economic progress. The proposed bank must be built upon this acceptance of the principles of mutual cooperation. With all the member countries' contribution to the capital of the institution and sharing the responsibilities as lender and borrower, I am confident a new sense of continental and hemispheric solidarity will be stimulated.

I believe the new insitution must be differentiated from existing institutions as well in the sense that the provision of technical advice and assistance must play a more important role in the operations of the new bank. As you will recall Dr. Milton Eisenhower and many others have suggested that investment in certain countries of Latin America has lagged because investment proposals presented to existing institutions have shown inadequate preparation. The proposals lacked studies and analyses required to reach a sound judgment relative to the feasibility of the proposed operation. I am referring to the type of study which examines the availability and the cost of raw materials to be used in a given process and the availability and source of necessary power—the type of study which contains an analysis of the potential market and includes forecasts of probable costs and selling prices. Studies of this nature were frequently not available simply because skilled personnel were not readily accessible to the potential borrower. This is an area in which I hope the proposed Inter-American Bank will make a substantial contribution. Such technical assistance will open many opportunities for sound investments which will not only return a profit to the bank or to the private investor undertaking the project, but will contribute in an important way to broadening the base for further industrial and agricultural growth in many areas of Central and South America.

It should be clearly understood by all concerned that the new institution is not intended to supplant any existing lending agency in this field. However, the new institution must seek the full cooperation of these agencies in performing its functions. Perhaps even more important, it should seek to stimulate the flow of private investment capital into Latin America. Latin America enjoys an extremely favorably position from the standpoint of the American private investor. Thirty percent of the total U.S. private investment throughout the world is located in Latin America, and in 1957 alone the value of these investments increased by $1,658 millions.

The new institution will have a vast opportunity to stimulate private capital flow into the Latin American countries. In its early years of operation it should by identifying and removing certain bottlenecks open up profitable opportunities for the employment of private capital. It should also assist in the preparation of sound investment projects and perhaps add its guarantee to sound projects in order to give the private investor greater assurance that his capital will be wisely used.

In considering the many functions of the proposed new bank, consideration should be given to those countries which do not appear to have the capacity to repay foreign loans in a fully convertible currency. I believe, however, those countries might acquire that capacity in the future if they are given access to capital resources and apply them wisely. For this reason, I would favor combining in this institution the power of making loans which would be repayable in the currency of the borrower—referred to as soft loans. Soft loans should be a subordinate part of the total operations of the bank and must necessarily be handled in a manner to prevent any impairment of the value of the institution's assets. Funds for this operation should be kept separate from resources available for hard loan operations with all countries participating contributing to the resources for both operations. With such participation, the institution will be truly inter-American.

There have been many differing views about how large this institution should be. To me, the size of the institution is secondary. The important thing is to establish the institution and put into operation an effective organization for inter-American cooperation. We have witnessed in the past a weakening of relationships with Latin American countries. The proposed Inter-American Bank can be a contributing force to restoring close contact and cooperation among and with our neighbors.

I wish to draw attention to another Latin American problem that has been somewhat overlooked—namely a rise of productivity commensurate with population growth. The population of Latin America today is approximately equal to that of the United States. Her annual increase of 2.5 percent will give her a population well in excess of that of the United States by the year 2000. The needs of this phenomenally growing population is not being met currently by its own production and certainly the needs of the population by the year 2000 will not be met unless its rate of productivity is stepped up. We have noted what remarkable results have been obtained from our investments, but the sad fact remains that even if our investment were to be doubled, the increase in productivity will not be commensurate with the growth of the population nor able to supply their basic needs for consumer goods. If our investments are to achieve the purpose envisioned for them, we must provide the growing Latin American population with a rising per capita real product.

The establishment of the Inter-American Bank which I have consistently

supported and the increased private investments which can be expected, together with the present assistance programs and institutions will add great momentum to the economic development of the Latin American countries. If this institution is to be a success, it must seek to inspire the confidence of the private investment community in the United States and in other capital countries. It must also inspire the confidence and cooperation of existing institutions working in the same field. And, it must never overlook the fact that it was established for the purpose of promoting inter-American development and cooperation.

Mr. Speaker, I am most encouraged with the progress made toward establishing the Inter-American Bank since my statement in August of last year. While much work remains to be done, I feel we are now approaching the time when such an institution will be a reality. I hope my distinguished colleagues will join with me in urging the early approval of this important institution—important to the economical development of our neighbors, and important to the mutual understanding and cooperation of all the countries of the Americas.

BUDGET BALANCERS VERSUS BUDGET BUSTERS

The SPEAKER. Under previous order of the House, the gentleman from Washington [Mr. MACK] is recognized for 15 minutes.

Mr. MACK of Washington. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include certain tables prepared by the Library of Congress and myself.

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

There was no objection.

Mr. MACK of Washington. Mr. Speaker, President Eisenhower has proposed a $77 billion balanced budget for the coming year.

I note in the newspapers that some of the President's balanced budget opposition calls this $77 billion balanced budget unrealistic, inadequate, and unattainable. Some budget busters even have denounced it as a pennypinching and a cheapskate budget.

How times have changed. When President Woodrow Wilson proposed the Nation's first billion dollar peacetime budget his was called an extravagant and a spendthrift budget. Now, 40 years later, when President Dwight Eisenhower submits a $77 billion balanced budget it is called a pennypinching and a cheapskate budget.

Unfortunately, too many political spenders in recent years have come to consider a billion or a few billion dollars as a mere bagatelle, as small change and as chicken feed. Seemingly, spenders sometimes forget that every dollar expended by the Federal Government must be raised by taxes and that every one of those tax dollars must be earned by sweat and toil in factories and on farms, in mines and forests, and in offices, warehouses, stores, and workshops. Tax dollars do not grow on trees.

How much is a billion dollars? How much is $77 billion?

A billion dollars is a sum so enormous and gigantic that it is beyond the comprehension and understanding of any man—even an Einstein. Perhaps the average man can better evaluate how much a billion dollars or $77 billions really are by reducing the figures to a per capita basis.

To properly appreciate the magnitude of present-day Federal spending, the average citizen should ask himself "How much is a $77 billion budget going to cost me and cost my family?"

The latest Federal census estimates place the population of the United States at about 176 million. A billion dollars divided among that many people, therefore, represents $5.75 for every man, woman, and child in the Nation. President Eisenhower's balanced budget of $77 billions is 77 times $5.75 or $442 per capita or about $1,768 for every average American family of four persons.

I asked the research department of the Library of Congress how much the President's $77 billion budget amounts to per capita. The Library replied, $442.49 which, I think, because of its source, can be taken as near an official and reliable figure of the budget's per capita cost as is obtainable.

For the Federal Government to collect in taxes just enough to keep the $77 billion budget in balance means an average cost per capita of $442. To provide its share of that tax money the people of a town of 1,000 must dig up next year $442,000 in Federal taxes. The people of a city of 10,000 must make an annual contribution in Federal taxes of $4,420,000, and those of a city of 25,000 population must supply $11,050,000 a year in Federal taxes or almost $1 million a month just to keep the budget balanced.

To call the $77 billion balanced budget a cheapskate or a pennypinching budget is to call the average family whose share of the cost of that $77 billion budget is $1,768 a year a cheapskate family. I do not believe the citizen is going to like that label pinned on him. Mr. Average Citizen, I think, is going to reply that $77 billion is a big enough budget for next year and that Congress ought to find a way to live within it. The average citizen, I am sure, feels that the $77 billion spending proposed by the President should be the maximum for the coming year.

No individual and no business man can continually year after year spend more than his income without ultimately encountering financial disaster. The same principal applies to government.

WHAT EACH STATE MUST PAY

I asked the Library of Congress to inform me how much the citizens of each State must pay, on a per capita basis, to provide the taxes to pay for the $77 billion of spending contemplated by the President's budget.

The Library statistics reveal that of the 49 States that 27 must contribute in Federal taxes next year more than $1 billion each.

New York State's share of the $77 billion budget will be more than $7 billion and California's share more than $6 billion.

The share of the 2,767,900 people of my own State of Washington of the $77 billion just to keep the proposed budget in balance will be $1,225,255,000.

The following table prepared for me by the Library of Congress, shows the cost in taxes of the $77 billion budget to each of the 49 States.

I am inserting in the RECORD the amount of money which will be required from each State in order to balance this budget. It is interesting to note that 28 of the States will have to contribute just to get the budget balanced more than a billion dollars each in taxes: New York State $7 billion; California, more than $6 billion, and my own State of Washington in excess of $1 billion.

I am also inserting in the RECORD the figures showing the cost to each of the 9 counties in my congressional district, the cost for the 332,000 people of the balanced budget which will be $147 million.

I am also inserting the names of the cities and towns in my district and the per capita share of that $77 billion.

Then I will further in my statement enumerate the hidden taxes that are being collected from the people in order to balance the budget.

When the individuals consider that it means $442 for every man, woman, and child in the United States, when they consider the cost to their towns of this budget, I think they will say that they want the budget balanced rather than the budget busted.

[From the Library of Congress Economics Division, Jan. 21, 1959]

Distribution of the 1960 Federal budget among the various States

[In thousands]

Alabama	$1,420,835
Arizona	504,439
Arkansas	781,438
California	6,343,979
Colorado	757,101
Connecticut	1,024,807
Delaware	200,891
District of Columbia	365,054
Florida	1,965,541
Georgia	1,689,428
Idaho	292,929
Illinois	4,375,784
Indiana	2,027,048
Iowa	1,248,708
Kansas	936,309
Kentucky	1,362,869
Louisiana	1,376,144
Maine	421,251
Maryland	1,308,000
Massachusetts	2,151,387
Michigan	3,480,626
Minnesota	1,493,404
Mississippi	967,283
Missouri	1,889,875
Montana	304,433
Nebraska	644,708
Nevada	118,145
New Hampshire	258,414
New Jersey	2,543,875
New Mexico	372,577
New York	7,181,171
North Carolina	2,012,888
North Dakota	287,619
Ohio	4,135,069
Oklahoma	1,011,090
Oregon	764,535

Distribution of the 1960 Federal budget among the various States—Continued

[In thousands]

Pennsylvania	$4,912,082
Rhode Island	387,179
South Carolina	1,063,746
South Dakota	309,301
Tennessee	1,534,998
Texas	4,149,229
Utah	382,754
Vermont	164,607
Virginia	1,741,198
Washington	1,225,255
West Virginia	871,263
Wisconsin	1,742,526
Wyoming	141,597
Alaska	93,365
Hawaii	271,246
Total	77,030,000

(NOTE.—Computed by applying the per capita share of the total budget of $442.49 to the population of the respective States and Territories. Estimated total population on July 1, 1958, excluding Armed Forces overseas, was used in computing the distribution among 48 of the States. Civilian population data for the same date was used in determining Alaska's and Hawaii's share.)

(Sources: "The Budget of the U.S. Government." Fiscal year 1960. Washington, U.S. Government Printing Office, 1959. U.S. Department of Commerce, Bureau of the Census. "Current Population Reports," Series P-25, No. 189, November 13, 1958.)

WHAT CITIES WILL PAY

The average tax load next year of the average citizen to keep the $77 billion budget in balance will be $442.49. On that basis the tax burden on the people of the principal cities of the State of Washington will be:

Seattle, population 575,000, $254,437,000.

Spokane, population 188,500, $83,411,000.

Tacoma, population 157,500, $69,693,000.

SMALLER CITIES

The tax load on the 332,000 residents of my Third Washington Congressional District, which has nine counties, will be $146,900,000 just to keep the $77 billion budget in balance.

The following table shows the population of each of the counties and cities in my district and the approximate share of the budget in taxes that on the average will have to be paid by the people of each of these counties and towns just to keep the Federal $77 billion budget in balance.

	Population	Share of budget
Clark County	83,200	$36,816,000
Camas	5,391	2,385,500
Battle Ground	955	420,000
Vancouver	40,500	17,921,000
Washougal	2,820	1,247,500
Cowlitz County	59,200	26,196,000
Castle Rock	1,350	597,000
Kalama	1,079	477,000
Kelso	8,900	3,938,000
Longview	23,300	10,310,000
Woodland	1,340	592,000
Grays Harbor County	56,700	25,089,500
Aberdeen	20,250	8,960,500
Cosmopolis	1,310	579,000
Elma	1,865	825,000
Hoquiam	11,200	4,956,000
McCleary	1,113	492,500
Montesano	2,603	1,151,000
Westport	1,075	475,500
Lewis County	43,600	19,293,000
Centralia	8,781	3,885,500
Chehalis	5,675	2,511,000
Morton	1,225	590,500
Winlock	975	431,000
Mason County	15,600	$6,903,000
Shelton	5,650	2,500,000
Pacific County	16,100	7,124,000
Ilwaco	585	258,500
Long Beach	710	314,000
Raymond	4,000	1,777,000
South Bend	1,825	807,500
Skamania County	5,300	2,345,000
North Bonneville	675	299,130
Stevenson	753	333,000
Thurston County	48,400	21,417,000
Olympia	17,500	7,743,500
Tenino	870	384,500
Tumwater	3,667	1,622,500
Yelm	460	203,500
Wahkiakum County	3,900	1,725,500
Cathlamet	622	275,000

SOME FEDERAL TAXES NOT IN BUDGET

The $77 billion in the President's balanced budget, which amounts to $442.49 per capita for the Nation's 176 million inhabitants, does not include all the Federal taxes the citizen will be required to pay to keep tax income equal to Federal spending.

The 3-cents-a-gallon tax the citizen pays on gasoline and the 15 cents a pound he pays on tires are items not included in the anticipated income required to balance the budget. The gasoline and tire tax revenue goes into a special trust fund. This fund finances the Nation's highway program.

Nor are social security withholding taxes, paid in part by employees and in part by employers, included in the anticipated revenue required to finance the $77 billion budget. These social security taxes also go into a special trust fund from which social security benefits are paid.

MOST TAXES ARE HIDDEN

Few citizens realize the amount of Federal tax they pay. Many of the largest sources of revenue are in hidden taxes.

The Federal tax on cigarettes is 8 cents a package. The smoker who consumes one package of cigarettes a day in a year pays $29.20 for the privilege of smoking. If his wife also smokes a package a day, the man and wife in a year pay $58.20 in hidden taxes on cigarettes. The smoker does not realize the cost in taxes of smoking because he does not see this tax.

The manufacturer of cigarettes writes the checks to the Federal Government to pay this tax, but the manufacturer collects every cent of that tax from the cigarette smoker at 8 cents a package every time a package of cigarettes is purchased. Federal revenues from the cigarette tax last year totaled $1,668,208,000.

Large corporations are said to pay 52 percent of their profits to the Federal Government in corporation income taxes. But, just as the tobacco manufacturer pays no cigarette tax but merely collects it from the consumer and passes this tax money over to the Federal Government so most corporations merely add corporation income taxes to the price of the goods they sell. The consumers, not the corporation, therefore, pay the corporate income taxes. Most corporations do not pay income taxes. They merely collect these taxes as the cigarette manufacturer does the excise tax on cigarettes, and pass the taxes so collected over to the Federal Government. The corporation income taxes consumers paid, last year, hidden in the purchase price of goods they purchased amount to $20,533,316,000.

Also, all excise taxes on jewelry, cosmetics, automobiles, furs and other items are paid not by the manufacturer, but by the consumer with the producer merely acting as the Government's agent in collecting these taxes.

INFLATION TAXES CONSUMERS

One of the heaviest of unseen taxes that the average citizen pays but seldom analyzes or sees are the taxes caused by inflation—the rising cost of living. This in reality is a capital levy tax that confiscates the reserves the average citizen has laid aside for old age or a rainy day in his bank deposits, his savings and loan accounts, in his insurance policy or in the money he has invested in bonds, government or private.

As an example, let us consider the unseen tax that inflation has levied on those who invested billions of their savings in Government bonds.

A citizen in 1939 invested $75 in a Government bond. In 1949 he could receive $100 for this bond. If he kept his $100 in that bond for another 10 years it would bring him by 1959 in interest and principal a total of $133, less of course his income tax on the $58 in interest he received for the 20 years investment. Seems as if the bond buyer did pretty well on his investment by obtaining $133 for his $75 investment. But did he?

In 1939 a 1-pound loaf of white bread was 8 cents and his $75 that went into a bond would have bought him 937 loaves of bread. Now, however, in 1959 the same loaf of white bread is 19 cents. The $133 he receives for his bond will purchase only 700 loaves of bread. Inflation has robbed Mr. Average Citizen bond buyer of 237 loaves of bread.

In 1939 milk was 12 cents a quart. In that year a $75 U.S. bond would purchase 625 quarts of milk. In 1959 milk is 29 cents a quart and the $133 the average citizen obtains for this $75 investment in a Government bond buys only 459 quarts of milk or 166 less than the $75 would have purchased in 1939.

Leg of lamb was 28 cents a pound in 1939 and is 77 cents a pound today. The $75 invested in a Government bond in 1939 would have purchased 270 pounds of leg of lamb, but at the present-day price of 77 cents the $133 that Mr. Average Citizen now can obtain for his $75 bond is only 173 pounds. The hidden taxes of inflation have taken 97 pounds of meat from his table.

Coffee in 1939 was 22 cents a pound and in 1959 is 70 cents. The $75 invested in a bond in 1939 would have purchased 341 pounds of coffee. Today, the $133 obtained for that bond will buy only 190 pounds of coffee.

If the budget is not balanced the people face either more taxes or more deficits, neither of which are pleasant to contemplate. An unbalanced budget means a bigger and bigger national debt,

and the bigger that debt the more inflation there will be to rob the savers of the purchasing power of their savings.

The only way to halt inflation is to balance the budget and give assurance the budget will stay balanced. Balancing the budget is the responsibility of Congress for "Congress controls the purse strings."

Most citizens will prefer to join the President and be a budget balancer rather than a budget buster.

SOME AMERICAN GOALS FOR MIDDLE EUROPE THAT ARE IN TUNE WITH OUR TRADITIONS

The SPEAKER. Under the previous order of the House the gentleman from Wisconsin [Mr. REUSS] is recognized for 60 minutes.

Mr. REUSS. Mr. Speaker, Secretary of State Dulles is off to Western Europe, reportedly to see whether we and our Western allies cannot react to the ticking time-bomb of Berlin with some fresh insights and new ideas for a settlement of the problems of Berlin, Germany and, indeed, middle Europe. Many of us on this side of the aisle, who for some time have been calling for bold new approaches in our foreign policy, will welcome any attempt to open the windows and let in fresh air. We want Mr. Dulles to know that if he will get on with the job of ventilation, he can look for much support from the loyal opposition.

It is timely and necessary that the West develop a policy for middle Europe. The Russian military occupation of Eastern Europe is cruel to the human beings who are tyrannized and dangerous to the world. And, to look out from Russian eyes, it was from middle Europe that twice in this century came appalling wars of the world.

Neither side has been particularly willing to consider the position of the other. For all that appears, Western policy is that Russian troops should withdraw back to Russia, whereupon a reunited Germany and a set of liberated captive states should be free to arm to the teeth, to ally themselves militarily with the West, and to glare at Russia with all the hostility of other days.

Russia's policy, on the other hand, has been to bring under its domination, and under communism, lands as far to the west as possible, stopping only where the danger of atomic war appears imminent.

Most recently, on November 27, 1958, came the Russian ultimatum that in May it will assign its authority over East Berlin to the East German government. Coupled with this is the implied threat that the Russians will support with force of arms an East German attempt to swallow West Berlin by cutting off western access to it.

Oh, there have been occasional departures, mostly verbal, from these frozen positions. Bulganin, after the Budapest massacre of 1956, talked about mutual troop withdrawals; Rapacki, of Poland, recently threw out a proposal for a nuclear free zone, accompanied by some reductions in conventional troops; Khrushchev told the 21st Soviet Communist Party Conference last week that he would be willing to withdraw Russian troops from a long list of countries, including Hungary, in a Central European disengagement. And on our side, we had Anthony Eden's plan for a demilitarized zone in middle Europe at Geneva in 1955; Harold Macmillan's recent proposal for a NATO vacuum in the east half of a reunited Germany; and just the other day Secretary Dulles' talk about the need to give thought to Russia's legitimate security interests, and the idea that free elections in a reunited Germany could come somewhat later than as a first step in a middle European settlement.

These little wisps of air are not enough. The Russian people may not know or care where their leaders are taking them, but the American people have a long and respectable tradition of liking to know where they are going in the world. They like their Presidents to sketch out the broad goals at which our foreign policy is aiming, and they like their Congressmen to debate these goals.

It is for this reason, Mr. Speaker, that I suggest today, as I have in this place many times before, that there are certain elements in the American tradition from which we can evolve broad goals for American policy in Middle Europe. For the last century at least, the United States has pursued a policy of peace. Its wars have been wars of national survival, or at least to help free others from foreign tyranny. With some lamentable exceptions, we have stood for human rights and free institutions abroad as well as at home. We have been happily tending to submerge excessive nationalism and to look more toward international cooperation. Above all, and particularly since the splitting of the atom, we have come to recognize that it is part of America's destiny to do what we can to prevent the world from going up in smoke.

The man on the street, Mr. Speaker—yes; and the mother in her kitchen, the student in school, the worker in the factory, the businessman in his office, the farmer in his field—feels in his bones these elements of the American tradition. It should be the task of our leadership to apply these underlying principles to the problem of Middle Europe in such a way as to evolve a set of goals for the American people to mull over.

Consistent with our immediate position of preventing the seizure of West Berlin by the Communists, and of maintaining the NATO alliance, are not the following some reasonable goals of a policy for Middle Europe?

MILITARY

A start toward world disarmament could be made by a partial disarmament in the dangerous area of Middle Europe. This would involve:

First. A troop withdrawal on Russia's side as far as possible, hopefully to her historic borders; on the West's side, by British, French, and U.S. troops from their present positions, probably out of Western Germany, but in any event, only so far as not to place our side at a disadvantage in the light of the Russian withdrawal.

Second. Self-imposed arms limitations by the Middle European states, including a reunited Germany, that emerge when foreign troops are withdrawn. Such limitations would permit forces sufficient for internal policing, and to prevent being a pushover for outside aggression, but would not be attuned for aggressive war. Atomic, biological, and chemical weapons, and missiles, would be eligible for the Middle European prohibited list, as a first step toward wider disarmament. International ground and air inspections, preferably under the United Nations, would be required.

Third. Guarantees from NATO and the Soviet Union, respectively, to resist aggression against, from, or between the countries of Middle Europe.

POLITICAL

The only way in which East and West Germany can become fully reunited, in the ultimate, is by free elections, perhaps supervised initially by the United Nations. But such free elections need not be the first chronological step in a Middle European settlement; before that, for example, a freeing up of exchanges of persons and goods between East and West Germany could take place. While it is probably not realistic to think about internationally guaranteed free elections for the countries of Middle Europe other than a reunited Germany, the removal of Russian soldiery would be a great step forward toward respect for the rights of man and of the citizen.

ECONOMIC

Just as the history of Middle Europe was marred in the period between World War I and World War II by excessive militarism and political totalitarianism, so it was by economic nationalism. A settlement, therefore, should have as its goal the same kind of political federation and economic integration which this country has wisely espoused in Western Europe in the last decade. This deemphasis of nationalism could be the best way of achieving settlements for such knotty territorial problems as the trans-Oder Neisse question. For example, the German claim on these territories might well be relinquished if the attributes of Polish nationalism were removed from the area by arrangements for economic, cultural, and political internationalism.

What would be the advantages to the West of such a military, political and economic settlement for Middle Europe? First and foremost, 80 millions of human beings now under the shadow of the Red army would be freed. Secondly, an area essential to whatever plans of world domination the Kremlin may have would be removed from its control. Thirdly, by placing several hundred miles between Russian and NATO troops, such a settlement would considerably reduce the daily threat of war. I do not suggest that such a settlement would deserve the name of "disengagement," because the main antagonisms between Communist Russia and the West would still remain and need to be dealt with. But each point of hostile contact that can be removed, as in the Austrian peace treaty or the Lacey-

Zaroubin agreement for cultural exchange, seems to me a net gain.

If these are the advantages of a settlement, what are some of the alleged disadvantages of the settlement? And are the disadvantages real?

First. "It would mean the end of NATO." The short answer is that it would mean nothing of the kind. NATO's strategic retaliatory power would be unimpaired. To the extent that it is deemed necessary, American ground forces could continue in Europe. There is surely lodgment for our five divisions in Europe other than in the precise positions they now occupy. Under a genuine settlement, membership in NATO by Germany, reunited but willing to accept arms limitations internationally imposed, would not be a vital matter.

Second. "A reunited Germany is too power-conscious to be successfully neutralized, like Switzerland, Austria, or even Sweden." This confuses arms limitations for a reunited Germany with across-the-board political, cultural, economic, or social neutralization, none of which is desirable or even possible. Let a reunited Germany involve herself in peaceful relationships with the West even more fully than has the present West Germany. This includes the Coal-Steel Community, the Council of Europe, Euratom, the Common Market, and organs of integration as yet undreamed of. At the same time, let Germany look toward the East for a similar set of intimate nonmilitary relationships. And, best of all, let a reunited and partially demilitarized Germany taste what William James called "the moral equivalent of war" by taking the lead in peaceful international aid for the emerging peoples of Asia, Africa, the Middle East, and Latin America.

Third: "Germany, without Western troops stationed on her soil, might turn to Russia." This evokes memories of the Rapallo Agreement after World War I in which Germany reached out toward the East, and of the Molotov-Ribbentrop Pact, under which Russia and Germany in 1939 agreed to carve up Poland. If Germany wants to orient herself toward Russia, there is nothing to stop her from doing so under the present circumstances. In the long run, the best guarantee against German defection from the West is for free institutions to flourish in Germany, divided or reunited.

Fourth. "German membership in NATO, and involvement with Western troops, is a guarantee against the rebirth of German aggressiveness." A line of argument similar to this was made by President Eisenhower at a recent press conference. If German aggressiveness is a danger to be considered, I suggest that a reunited Germany, without atomic weapons and with limitations on other arms, is a safer bet than a Germany armed with atomic weapons, missiles, and whatever else may be in store for a rearmed Western Germany.

Fifth. "The Russians might break their promise and fail to withdraw their troops." Indeed, so they might. But if they did, the West could cease its troop withdrawal then and there.

Sixth. "The Russians, after completing their withdrawal, might choose to reenter middle Europe." Russia is only going to withdraw her troops from the present captive states if she is prepared to sit still for a change in government in those states, so long as it is not a change to a government which can become militarily hostile to Russia. If, then, Russia withdraws her troops, it seems absurd that she would be doing so with the idea of shortly sending them to fight their way back. In any event, to advance the possibility of Russian reentry into middle Europe as reason for not making efforts to get her to withdraw her troops in the first place is to acquiesce in a perpetual Russian occupation.

Seventh. "The Russians, freed of middle Europe, might turn their attentions to Asia, Africa, and the Middle East." In fact, they are turning their attention to underdeveloped areas now, with considerable embarrassment to this country. If the great struggle to be won in Asia, Africa, and the Middle East is—as I believe it to be—one of lifting up the living standards and the hopes of emerging peoples, the West should not be disturbed by the prospect of Russia's bearing part of this burden. Indeed, American taxpayers should be quite pleased by it.

So I submit that the disadvantages of these proposals for a middle European settlement are either chimerical, or are outweighed by their advantages.

The next question is: What can we do about it? Here I must admit that some unfreezing needs to occur on both sides.

On the side of the West, none of the four Governments of the United States, Great Britain, France, or West Germany have been willing to espouse the general ideas inherent in these proposals. Except for a few Republicans like former Senator FLANDERS, of Vermont, their proponents have been largely Democrats—Senator FULBRIGHT, Senator HUMPHREY, some of us in this body. In Great Britain, except for an occasional Tory like Lord St. Oswald, the proponents have been largely members of the Labor Party—Hugh Gaitskell, Harold Wilson, Dennis Healey. In West Germany, except for a few members of the Christian Democratic Union, the proponents have been largely of the Social Democratic Party—Berlin's Mayor Willy Brandt Fritz Erler, and others. The present official French position tends to follow the official German position.

On the side of Russia, her official position has never been openly tested. To the extent that Russia is hell-bent on world conquest, and having the countries of Middle Europe to loot, of course, she will not be interested in a genuine settlement. But a sensible and patriotic Russian, free of megalomaniac fantasies, should be able to see in the proposal much of true advantage to his country. It would reduce the threat of atomic war; it would remove Russia from a precarious position in her satellites; it would provide real assurance against heavily armed and hostile neighboring states; it could open up great new trading areas; and it could allow the diversion to peaceful purposes of resources now used for the military.

I can think of no better way to bring into power in Russia a sensible and patriotic Russian than for the West to place before the bar of world opinion goals like those I have advanced. If Russia rejects them, let her tell the world why.

Mr. Speaker, I have often, in the past, applied to Mr. Dulles' travels the wartime canon: Is this trip really necessary? Here is assuredly one that is.

Mr. JOHNSON of Colorado. Mr. Speaker, will the gentleman yield?

Mr. REUSS. I yield.

Mr. JOHNSON of Colorado. The gentleman will recall that the present administration has frequently said that it must seize the initiative. Can the gentleman recall when the administration has reflected this kind of initiative in recent months or recent years?

Mr. REUSS. Certainly not in recent years. I recall an exciting and inspiring speech made by President Eisenhower back in April 1953, in the fourth month of his office, in which he held out hope to the people of the world, hope for peace and hope for peaceful development, and there was a tremendous response to that.

I have been disappointed, as many others have, that recently there has not been this willingness to seize the wonderful possibilities for leadership that have been thrust upon us for constructive and forward-looking purposes. However, I am optimistic by nature, and I am very hopeful that as a result of the current trip of Mr. Dulles and as a result of the negotiations which must come in its wake, there will be evolved a foreign policy for the West, thoroughly agreed in by the governments and the people of Western Germany and Great Britain and France and this country, and our other good friends and allies of the West, so that we can stand for something in Western Europe and Middle Europe and Eastern Europe which is in accord with the principles of justice. If we do that, I think we will be in a splendid moral position.

I think the unhappy necessity which many of us were faced with today in voting on an extension of the draft, and I have just gotten through voting in favor of it myself, though reluctantly, may one day disappear if we will evolve programs which, while they prepare us for the worst, also hold out some hope of better things.

So I say to the gentleman that our record in recent years has been not one of imagination, not of creativity. I know that I speak for the gentleman as well as for myself when I express the hope that these things, too, will pass and that there will come an American position in which Americans of all creeds and classes and races and political parties can join.

Mr. JOHNSON of Colorado. I think it is very valuable that a Member of this House should be proposing and espousing such constructive alternatives. I, too, have listened to the very fine speeches the administration has made during the 6 years it has been charged with carrying out its foreign policies, but I agree with the gentleman when I

recall a phrase which my mother used to use. She said, "What you do speaks so loudly I cannot hear what you say."

What has depressed me and what has caused some of my friends this afternoon to feel so critical of the administration with respect to its military policy is that it frequently seems so devoid of a constructive and creative foreign policy. I trust the words which the gentleman from Wisconsin has spoken will be noted favorably and will help to influence the administration in a constructive way. Certainly if there is to be a realization of the hopes which were first set forth in the Atlantic Charter to reduce the crushing burden of arms it must come first of all by the relief of tensions which have made necessary the extension of the draft which was voted here this afternoon. I hope that in the months ahead if not in the years ahead, but in the months ahead, we shall see further evidences of this kind of creative policy on the part of the administration, not merely on the part of this House.

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

Mr. REUSS. I yield.

Mr. HALLECK. I have listened with considerable interest to what the gentleman has said. Of course, there are many problems confronting the country. I just listened to the gentleman's observations concerning the foreign policy of this country over the last 6 years. I had not intended to say anything. The time is late and there are very few Members here. But I cannot refrain from saying that when President Eisenhower took over the Presidency of this country and his administration came to power we were at war. That war has been ended. There have been no new wars since that time in spite of the fact that there were many opportunities for this country to get into war. In those 6 years the defensive strength of this country has been built up stronger than it has ever been before. We have brought a war to an end and we have kept it with honor. What better test of a foreign policy can there be? I just wanted the record to show that at this point.

Mr. REUSS. I thank the gentleman. I wish he could have refrained from saying that because the effort on this side was to try to be constructive and to try to show that new ideas and new leads by the Republican administration and by the Secretary of State would get support from this side, and, as the gentleman knows, I am ready to support those whenever they are forthcoming.

Mr. HALLECK. I appreciate that but will not the gentleman agree with me that the remarks just made when he yielded to his colleagues heretofore were certainly critical of the administration and its foreign policy and its defensive posture?

Mr. REUSS. Well, I do not know that it is profitable to agree or to disagree. I recall saying a moment ago that the President in 1953 threw out some creative and constructive new ideas in foreign policy which I thought had had a great effect throughout the world to enhance the position of the United States. I regret that there has not been more of them. If that is criticism I know that the gentleman will, and has, made the most of it.

THE SOCIAL SECURITY EARNINGS LIMITATION

The SPEAKER pro tempore (Mr. STEED). Under previous order of the House, the gentleman from Ohio [Mr. LEVERING], is recognized for 15 minutes.

Mr. LEVERING. Mr. Speaker, I have today put into the House hopper a bill to amend title II of the Social Security Act to remove the existing limitation upon the amount of outside income which an individual may earn while receiving benefits under the act.

During my campaign for election to Congress, I promised my constituents that, if elected, I would introduce such legislation and would do everything in my poor power to see that the social security law is changed. I found this to be a popular issue, Mr. Speaker, because many, many individuals in my district are wage and salary earners, as well as farmers, and they feel keenly that they should not be penalized, upon reaching retirement age, by having to make reports upon what little outside earnings they may garner by part-time work.

This is an important bill not only to hundreds of thousands of persons who already are retired and are enmeshed in social security redtape because they must supplement their social security receipts by working at other jobs, but it will be important in the future to millions who are yet to retire.

Senator J. W. FULBRIGHT, Democrat, of Arkansas, the new distinguished chairman of the Senate Committee on Foreign Relations, who recently introduced a bill similar to mine, declared:

> It is my view that this limitation is unrealistic and absurd and should be removed by Congress.

I share that view exactly.

As we know, the retirement eligibility age for women who are covered by social security is 62, if they so choose, and for men the retirement age is 65. Under the law as it now stands, if a person earns more than $100 in any one month, he is penalized to the extent that he must pay back the money that social security brought to him in that month.

Notice that I used the word "earn." It is a glaring weakness in the law, and in my judgment a great injustice, that a person may collect in dividends an unlimited amount each month, or each year, and still collect his social security. In other words, if a person is a millionaire, and does not need social security, he is virtually forced to take it and is not penalized in any way because of any fictitious or involved earning limitation. The same is true if the person owns a business from which he might take unlimited profits. Yet, this same man could get his full social security payments each month and not have to go through the rigamarole of making a report of it to the social security office.

This provision of the law must cost millions of dollars a year, altogether, merely to administer, for clerical assistants, paid by Uncle Sam, must answer questions from hundreds of thousands of persons a year who may be affected by this obscure regulation. I know that it is about as discriminatory a law against the people of moderate means as you could imagine, for the only people who are affected by it are people who—forced by need—must supplement their meager social security allowance by working extra, either part time or full time.

There are some who say that we should not remove the limitation entirely, but that the limitation should be $2,000 a year, or $3,000 a year, or some other specific sum. Yet, these same advocates would put no ceiling at all on the earnings which a man may receive from his investments, or from a business he might own, to prevent him from getting his full share of social security payments. If there is to be no limitation for this or that group in the society, Mr. Speaker, I would like to know how, in all justice and fairness, we can put a limitation on any group, or individual, in relation to the money he is to be paid by social security? In simple equity and justice, I cannot see the point of those who merely want to raise the limitation. My legislation, if enacted, would remove this sore spot from the social security law once and for all.

It is verifiable, Mr. Speaker, that while some poor woman over the retirement age is being penalized because she earned slightly more than the limit as a scrubwoman in Chicago, or some other city, the widows of millionaires, living in Palm Beach or elsewhere, collecting stock dividends running into the thousands of dollars a month—or week—are eligible to receive, and do receive, their full social security payments. The contradiction of this—and similar examples—should spur us into action to do away with this discriminatory and unfair earnings limitation at the earliest possible moment.

Why should there be any limits on the earnings of an elderly person who is collecting his social-security payments and yet still wants to make a contribution to this society? I can understand why, 20 and 30 years ago, when full employment was not a set objective of the Federal Government, men and women might have been encouraged to retire. But today, at a time when this Nation needs the production—the goods and services—of everyone, and when it is our declared national policy to keep employment at a maximum, there is something anomalous—yes; ridiculous—about putting a ceiling on the earnings of workers collecting social security, while not putting any restraints whatsoever on millionaires, and those who are rich but may not be millionaires, and how much they can collect from rentals, dividends, interest, or otherwise.

I am not, you understand, objecting to the fact that there is no limit to what a rich man—off his savings—can earn and remain eligible to receive his social-security payments. This is his right. But I object strenuously, in the name of every elderly person who has been penalized by this provision of the social-security law, or those who may be penalized in the future, against retaining this part of the law on the statute books.

It is not good morals. It is not good economics. And it is not good sense, as I deeply believe that anyone who will think it through will agree.

USE OF ALCOHOL IN MOTOR FUELS

The SPEAKER pro tempore. Under the previous order of the House the gentleman from Iowa [Mr. JENSEN] is recognized for 20 minutes.

Mr. JENSEN. Mr. Speaker, I have today introduced a grain alcohol bill, just as I did during the last two sessions of Congress, which provides that all motor fuel shall after 18 months from date of passage, contain 5 percent alcohol made from surplus farm commodities.

Senator KARL MUNDT, of South Dakota, has done likewise, and I am informed that other Congressmen will during this session introduce companion bills, because they, like a great majority of our farmers and other citizens, have now come to the full realization that there is no other way that can be devised to reduce our tremendous, costly, price-depressing farm surpluses, or at least without putting our farmers in a Federal straitjacket.

The present farm program which has been altered and realtered year after year has long ago proven its ineffectiveness in reducing surpluses, so detrimental to a prosperous agriculture over the long pull. It has piled surplus upon surplus to the tune of over $8 billion at the present time, which might be tolerated if good results were in sight.

It has been of little benefit to the family sized farmer, and has reflected to the detriment of many small town merchants irrespective of the millions poured into most every county to pay the farmers for not raising certain crops, forcing millions of farmers to fertilize to the hilt in order to raise enough cash crops on their reduced acres to pay for ever higher and higher manufactured goods, operating costs and higher and higher taxes, and while grain prices were being forced down and down.

Oh, yes; livestock prices have during the past 2 years been pretty good, but I ask what will happen when meat production catches up with consumption, and that time is almost here?

Now let us take a look back for the purpose of seeing why we have had this farm problem with us these many years.

Before the advent of the iron horse, trucks, tractors, autos, and many other modern gasoline burning devices, our flesh and bone horses and mules ate the production of over 43 million acres of our land. Please compare that amount of acres with the acres we have been trying by law to take out of production with a farm program, most of which is still in effect today. There is one effective solution, and only one solution to the farm program which will stabilize our farm income on a higher level, and in turn our national economy, and that is by making law the bill we have introduced.

Please remember always that our farmers buy on an average over twice as many dollars' worth of manufactured goods—costly trucks, tractors, farm machinery, lumber, posts, wire, and so forth—when his dollar is worth 100 cents at the counter, year after year, than does the average other Americans. So, it is plain to see that labor and business benefit proportionately over the years according to the ability of our farmers to buy.

Following is the full text of our bill:

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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title II of the Agricultural Act of 1956 (relating to disposal of surplus agricultural products) is amended by inserting at the end thereof a new section as follows:

"USE IN MOTOR FUELS OF ALCOHOL MANUFACTURED FROM AGRICULTURAL PRODUCTS

"SEC. 213. (a) As used in this section—

"(1) The term 'agricultural product' means any agricultural product grown on farms within the United States.

"(2) The term 'motor fuel' means any petroleum product (including gasoline, kerosene, naphtha, benzine, and crude oil) which (A) has a specific gravity of thirty-six degrees or above, Baumé scale, and (B) is suitable for use as fuel in an internal-combustion engine.

"(3) The term 'United States' means the various States of the United States, the Territory of Hawaii, and the District of Columbia.

"(b)(1) Beginning six months after the effective date of this section, it shall be unlawful for any person to sell motor fuel in interstate or foreign commerce unless at least 2 per centum, by volume, of such motor fuel is alcohol manufactured from agricultural products.

"(2) Beginning eighteen months after the effective date of this section, it shall be unlawful for any person to sell motor fuel in interstate or foreign commerce unless at least 5 per centum, by volume, of such motor fuel is alcohol manufactured from agricultural products.

"(3) Any person violating the provisions of paragraph (1) or (2) of this subsection shall, upon conviction thereof, be fined not more than $1,000 or imprisoned for not more than one year, or both. Each sale of motor fuel in violation of paragraph (1) or (2) of this subsection shall constitute a separate offense.

"(c) Subsection (b) of this section shall not apply to sales of motor fuel during any period prescribed in a proclamation by the President declaring that, for purposes of this section, agricultural products from which alcohol is produced are not in surplus.

"(d) This section shall take effect on the first day of the first month which begins more than ten days after the date of its enactment."

Now let us see what the effect of this bill would be if made law. I shall be as brief, positive and as accurate as I possibly can by using facts and figures obtained from interested Federal agencies and from other responsible sources.

A 5-percent alcohol mix in all motor fuel would consume annually at the present rate of motor-fuel consumption over 700 million bushels of grain.

The feed value of the mash after alcohol has been extracted is about 40 percent of the original grain, hence our grain surpluses would be reduced over 400 million bushels annually after sufficient plants get into operation, which is estimated to take a period of 18 months.

The Commodity Credit Corporation has now about 2 billion bushels of corn and wheat in storage. We are told that we should have about 400 million bushels of wheat and 400 million bushels of corn in our ever-normal granary at all times to insure a plentiful supply in case of a severe reduced production caused by drought, and to use in the event of any national emergency. Hence we now have about 1,200 million bushels of these grains in surplus supply, which is costing hundreds of millions of dollars to store annually in addition to the first cost, and which is depressing all grain prices; and will in due time bring all livestock prices down in line with grain prices, because the law of supply and demand will always operate to a very marked degree regardless of any artificial controls or laws enacted by the Congress of the United States so long as our free enterprise system is permitted to operate.

If the time should ever come when supply and demand is stopped from operating, our American liberties under the free, private enterprise system, will be no more, for then some form of dictatorship will be our lot. And let us never forget that farming is yet the greatest of all free private enterprises in our land.

Under the provisions of our bill it is plain for all to see, who want to see, that its enactment into law would immediately begin to stabilize farm income on a higher level, reduce the price-depressing, costly surpluses to nil in a few years, and yet keep our grain surpluses on a safe, ever-normal granary level.

During World War II a number of grain alcohol distilling plants were built by the Government to produce artificial rubber and other materials for our military needs, but immediately after that war ended these plants were shut down, or disposed of, and during that time we learned that commercial alcohol could be produced economically. We learned that from a bushel of low-grade soft wheat 2½ gallons of alcohol could be processed, and that today, from a bushel of low-grade corn, costing the processor $1.25 per bushel, grain alcohol, or agrol as it is called, can be manufactured for 45 cents per gallon after selling the residue for stock feed. Alcohol from wheat would cost a little more per gallon, because of the first cost being a little more.

Now I am quite sure the processor could make a good profit by selling his agrol to the retail dealers for 65 cents per gallon, and I am also quite sure the retail dealers would be glad to sell it for 80 cents per gallon.

A 5 percent agrol mix would mean one-twentieth part of such motor fuel, and one-twentieth of 80 cents is 4 cents. And we know by experience that regular gasoline mixed with alcohol gives you equal or more miles per gallon than does straight high grade gasoline, which costs from 3 to 5 cents more than regular gasoline. Every racing car, every racing speed boat, and every jet plane uses an alcohol mix in their motor fuel now. Many nations have laws requiring that all motor fuel contain alcohol made from

farm crops. Few did so, however, to reduce crop surpluses, but because of the high cost of gasoline there, primarily due to a shortage of gasoline. Brazil is an exception. A number of years ago Brazil had a great oversupply of sugar, hence sugar prices, one of their main crops, was causing a greatly distressed agricultural and in turn a depressed national economy; what did they do? They passed a federal law which provided that all motor fuel must contain at least a 10-percent mix of alcohol made from their surplus supply of sugar, and it had the immediate effect of not only making their farmers much more prosperous, but also it had the overall effect of helping to stabilize their entire economy. And that is how unrest in Brazil was brought to nil and is yet thus.

Now you may ask, What are we waiting for?—and justly so. Here is the answer in a few words. I will go back to 1935 when six Members of the House and Senate introduced identical bills as Senator MUNDT's and mine, with the exception that their bills provided for a 10-percent agrol mix in all motor fuel. But lo and behold, then, as now, a number of the large oil and gas producers of our Nation, because of selfish reasons, brought concerted pressures on Members of Congress from oil-producing States, who even at that early date were powerful enough in the Halls of Congress to not let such a bill out of committee, and to this day such a bill has not been voted out of committee; and hence to the floor of either House for a vote by the representatives of the people. For example, during the last session of Congress I asked one of the top members of the House Agriculture Committee in charge of such bills, who is from the State of Texas, if Senator MUNDT and I could be heard on our bill before his committee. He said "Sure," but he boldly told me to my face that he would have to oppose the bill because a lot of oil is produced in his State. Those were his exact words. My question was, How long will those people keep their heads in the sand? Then in 1958, to add insult to injury, the two chemists, or so-called mineral engineers, who were loaned to the President's Commission by their employers of huge oil-producing interests, to look into and recommend new industrial uses for farm products, wrote in the Commission's report to Congress, in short, that a 5-percent agrol mix in motor fuel would operate to the detriment of motor fuel; which is pure hogwash. And that a 10-percent mix would consume annually about 2 billion bushels of grain, which was more than we would be justified in using for that purpose.

Now I ask, How long will Congress and the American people take this kind of business from selfish interests, who should know that we are all in the same boat with our farmers in any economic storm, and that finally all will suffer or gain almost equally, one with the other? Time is rapidly running out for us to save ourselves from the same fate that has befallen every nation of this world that refused to heed the danger signals ahead.

Should our bill become law you would soon see agrol distilling plants spring up in many, many sections of our country, especially in the breadbasket of America, financed by private investors, and by farm-owned corporations, giving employment to thousands upon thousands of folks who are now seeking employment. Especially would such plants be a godsend to many of our farmers and their sons who have time in the off seasons from fieldwork to take employment close to home, and who want to stay on their family-sized farms.

In conclusion we invite every Member of Congress who is interested in stabilizing our farm economy on a higher level, and in turn our national economy, to introduce and support a like bill as Senator MUNDT and I have introduced, and which I have just explained in some detail. We hope that thoughtful people everywhere will think seriously and, after doing so, will come to the aid of their country by letting their U.S. Representatives and Senators know exactly their position on this important, proposed legislation.

GERMAN COAL EMBARGO

Mr. DOWNING. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

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

There was no objection.

Mr. DOWNING. Mr. Speaker, the Bonn Government proposes to admit a certain tonnage of American-produced coal free of tariff after February 16 of this year. When the free quota is exhausted, West Germany has served notice that a tariff of $4.76 per ton of American coal will be charged.

I have protested the unfairness of this situation to our Secretary of State and in the press. This is not a one-man crusade. Other Members of this House have lodged like protests. Protests have come from union leaders, mine operators, railroad presidents, men in charge of dock facilities, and from shipowners.

If the German market should be closed to American coal—and it would be if the Bonn Government persists in its unfortunate course—thousands of Americans would be thrown out of work.

It is my hope and prayer that the Bonn Government will understand our plight and reverse itself. It can—with honor.

In the event that West Germany stands firm, it should be wise to prepare counteraction. This country has been flooded with imports of small German cars. These automobiles seriously compete with, and impede the sales of, American cars.

Mr. Speaker, after much thought on this subject, I suggest that the proper committee of this House study the possibility of legislation which would raise the existing tariff on German-made automobiles.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. FARBSTEIN (at the request of Mr. MULTER), for Thursday, February 5, 1959, on account of illness.

Mr. TEAGUE of Texas (at the request of Mr. KILDAY), through February 15, on account of official business.

Mr. MILLIKEN (at the request of Mr. HALLECK), for Thursday, February 5, 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. SIKES, for 30 minutes, on next Thursday.

Mr. JENSEN, for 20 minutes, today.

Mr. REECE, of Tennessee, for 20 minutes, on Monday next.

Mr. SIKES, on Wednesday next, for 15 minutes.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mrs. KEE.

Mr. UDALL and to include extraneous matter.

Mr. PELLY.

Mr. BOSCH.

Mr. DENT in two instances and to include extraneous matter.

Mr. VAN ZANDT in two instances and to include extraneous matter.

Mr. GEORGE P. MILLER and include extraneous matter.

Mr. BOWLES (at the request of Mr. McCORMACK) and include extraneous matter.

Mr. ROUSH (at the request of Mr. McCORMACK).

Mr. BLATNIK (at the request of Mr. McCORMACK) and include extraneous matter.

Mr. ROOSEVELT (at the request of Mr. LEVERING) and to include extraneous matter.

ADJOURNMENT

Mr. LEVERING. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to.

Accordingly (at 5 o'clock and 13 minutes p.m.) the House, pursuant to its previous order, adjourned until Monday, February 9, 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:

517. A letter from the Acting Director, Bureau of the Budget, Executive Office of the President, relative to reporting that the administrative expense authorization of the Commodity Credit Corporation for the fiscal year 1959, had been apportioned on a basis indicating a need for a supplemental estimate of administrative expense authorization because of increased pay costs, pursuant to section 3679 of the Revised Statutes, as amended (31 U.S.C. 665); to the Committee on Appropriations.

518. A letter from the Director, Office of Civil and Defense Mobilization, Executive Office of the President, transmitting a report entitled "Report on Borrowing Authority" for the quarter ending September 30, 1958,

pursuant to the Defense Production Act as amended; to the Committee on Banking and Currency.

519. A letter from the Comptroller General of the United States, transmitting a report on the review of the aircraft engine overhaul pipeline in the Department of the Navy; to the Committee on Government Operations.

520. A letter from the Secretary of Labor, transmitting a draft of proposed legislation entitled "A bill to establish a Commission on Equal Job Opportunity Under Government Contracts"; to the Committee on the Judiciary.

521. A letter from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting copies of orders entered under the authority contained in section 13(b) of the act as well as a list of the persons involved, pursuant to section 13(c) of the act of September 11, 1957; to the Committee on the Judiciary.

522. A letter from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting copies of orders entered in cases where the authority contained in section 212(d)(3) was exercised in behalf of such aliens, pursuant to the Immigration and Nationality Act; to the Committee on the Judiciary.

523. A letter from the Secretary of Health, Education, and Welfare, transmitting legislative proposals pertaining to the message of the President on civil rights, dated February 5, 1959; to the Committee on Education and Labor.

524. A letter from the Attorney General, transmitting legislative proposals pertaining to the message of the President on civil rights, dated February 5, 1959; to the Committee on the Judiciary.

525. A letter from the Acting Secretary of State, transmitting a draft of proposed legislation entitled "a bill to amend the International Organizations Immunities Act, Public Law 291, 79th Congress"; to the Committee on Ways and Means.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ABERNETHY:

H.R. 4146. A bill to amend chapter 71 of title 38, United States Code, to permit judicial review of decisions of the Board of Veterans' Appeals in compensation and pension claims; to the Committee on Veterans' Affairs.

By Mr. BROCK:

H.R. 4147. A bill to establish the Rural Electrification Administration as an independent agency, and for other purposes; to the Committee on Agriculture.

By Mr. BROOKS of Louisiana:

H.R. 4148. A bill to authorize the National Aeronautics and Space Administration 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 Science and Astronautics.

By Mr. CELLER:

H.R. 4149. A bill to amend the Bankruptcy Act to authorize courts of bankruptcy to determine the dischargeability or nondischargeability of provable debts; to the Committee on the Judiciary.

H.R. 4150. A bill to amend the Bankruptcy Act to authorize courts of bankruptcy to determine the dischargeability or nondischargeability of provable debts; to the Committee on the Judiciary.

H.R. 4151. A bill to authorize the Judicial Conference of the United States to promulgate minimum standards of qualifications for probation officers; to the Committee on the Judiciary.

H.R. 4152. 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 monopoly; to the Committee on the Judiciary.

H.R. 4153. A bill to amend section 2412(b), title 28, United States Code, with respect to the taxation of costs; to the Committee on the Judiciary.

H.R. 4154. A bill to amend section 3238 of title 18, United States Code; to the Committee on the Judiciary.

H.R. 4155. A bill to amend the Federal Deposit Insurance Act to provide safeguards against mergers and consolidations of banks where the effect may be substantially to lessen competition, or tend to create a monopoly; to the Committee on Banking and Currency.

H.R. 4156. A bill relating to the transcribing of the stenographic record of pleas and proceedings in connection with the imposition of sentence in criminal cases; to the Committee on the Judiciary.

H.R. 4157. A bill to increase the fees of jury commissioners in the U.S. district courts; to the Committee on the Judiciary.

By Mr. CELLER (by request):

H.R. 4158. A bill to amend sections 1(29a), 64a(5), 67b, and 67c of the Bankruptcy Act, and for other purposes; to the Committee on the Judiciary.

By Mr. CHAMBERLAIN:

H.R. 4159. A bill to provide for the issuance of a special postage stamp to commemorate the centennial anniversary of the founding of the city of Lansing, Mich.; to the Committee on Post Office and Civil Service.

By Mrs. CHURCH:

H.R. 4160. A bill to provide for the conveyance of certain lands known as the Des Plaines Public Hunting and Refuge Area to the State of Illinois; to the Committee on Armed Services.

By Mr. CLARK:

H.R. 4161. A bill to amend sections 6301 and 7701 of the Internal Revenue Code of 1954 to authorize the Secretary of the Treasury to enter into agreements with the several States under which the States will act as agents of the United States for the collection of taxes upon gasoline, diesel and other fuel, and lubricating oil; to the Committee on Ways and Means.

H.R. 4162. 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. COLLIER:

H.R. 4163. A bill to insure effective regulation of D.C. Transit System, Inc., and fair and equal competition between D.C. Transit System, Inc., and its competitors; to the Committee on Interstate and Foreign Commerce.

By Mr. DULSKI:

H.R. 4164. A bill to amend the Civil Service Retirement Act to provide that any portion of the annuity of a civil service retiree accrued to the date of his death be paid to his designated beneficiary or to his estate; to the Committee on Post Office and Civil Service.

By Mr. FINO:

H.R. 4165. A bill to amend the Internal Revenue Code of 1954 to allow a deduction for income tax purposes of commutation fares paid by an individual in traveling to and from work; to the Committee on Ways and Means.

By Mr. HALEY:

H.R. 4166. A bill to provide for national cemeteries in the county of De Soto, Fla.; to the Committee on Interior and Insular Affairs.

By Mr. HEMPHILL:

H.R. 4167. A bill to provide for the increased use of agricultural products for industrial purposes; to the Committee on Agriculture.

By Mr. JENSEN:

H.R. 4168. 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.

By Mr. KEARNS:

H.R. 4169. A bill to establish a Commission on Equal Job Opportunity Under Government Contracts; to the Committee on the Judiciary.

By Mr. MACK of Illinois:

H.R. 4170. A bill to amend the Davis-Bacon Act to make it applicable to certain contracts under which a building is to be constructed or altered and leased to the United States; to the Committee on Education and Labor.

By Mr. MICHEL:

H.R. 4171. A bill to amend section 3 of the Small Business Act with respect to the definition of "small business concern"; to the Committee on Banking and Currency.

By Mr. MOORE:

H.R. 4172. A bill to assist areas to develop and maintain stable and diversified economies by a program of financial and technical assistance and otherwise, and for other purposes; to the Committee on Banking and Currency.

By Mr. MORRIS of New Mexico:

H.R. 4173. A bill directing the Secretary of the Interior to convey certain property in the State of New Mexico to the pueblo of Santo Domingo; to the Committee on Interior and Insular Affairs.

By Mr. RODINO:

H.R. 4174. A bill granting the consent of Congress to the several States to enter into compacts providing for the uniform tax treatment of nonresidents; to the Committee on the Judiciary.

By Mr. THOMPSON of New Jersey:

H.R. 4175. A bill granting the consent of Congress to the several States to enter into compacts providing for the uniform tax treatment of nonresidents; to the Committee on the Judiciary.

By Mr. ADDONIZIO:

H.R. 4176. A bill granting the consent of Congress to the several States to enter into compacts providing for the uniform tax treatment of nonresidents; to the Committee on the Judiciary.

By Mr. BARRY:

H.R. 4177. 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. BATES:

H.R. 4178. A bill to amend the Internal Revenue Code of 1954 so as to permit railroad corporations to take full advantage of tax relief measures enacted or granted by the States and their political subdivisions; to the Committee on Ways and Means.

By Mr. BOSCH:

H.R. 4179. A bill to amend section 601(a) of the Federal Aviation Act of 1958 to require the Administrator of the Federal Aviation Agency to issue certain regulations concerning air traffic at La Guardia and New York International (Idlewild) Airports in the State of New York, and Newark Airport in the State of New Jersey; to the Committee on Interstate and Foreign Commerce.

H.R. 4180. A bill to amend section 902(a) of the Federal Aviation Act of 1958, so that the penalties provided therein will apply to violations of civil aeronautics safety regulations; to the Committee on Interstate and Foreign Commerce.

H.R. 4181. A bill to amend section 32 of the Trading With the Enemy Act, as amended, so as to permit the return under such section of property which an alien acquired by gift, devise, bequest, or inheritance from an American citizen; to the Committee on Interstate and Foreign Commerce.

By Mr. BOWLES:

H.R. 4182. A bill to provide an appropriation of $6,565,000 for the construction of certain facilities at the U.S. Coast Guard Academy; to the Committee on Appropriations.

By Mr. BURNS of Hawaii:

H.R. 4183. A bill to provide for the admission of the State of Hawaii into the Union; to the Committee on Interior and Insular Affairs.

By Mr. CAHILL:

H.R. 4184. A bill to provide for the construction of a new Veterans' Administration hospital in southern New Jersey; to the Committee on Veterans' Affairs.

By Mr. CELLER:

H.R. 4185. A bill to provide for the representation of indigent defendants in criminal cases in the district courts of the United States; to the Committee on the Judiciary.

H.R. 4186. A bill to amend section 3731 of title 18 of the United States Code relating to appeals by the United States; to the Committee on the Judiciary.

By Mr. CLARK:

H.R. 4187. A bill to amend the Internal Revenue Code of 1954 to permit the States to make refunds of the Federal tax on gasoline in cases where such gasoline is used on a farm for farming purposes; to the Committee on Ways and Means.

By Mr. CRAMER:

H.R. 4188. A bill declaring October 12 to be a legal holiday, to be known as Columbus Day; to the Committee on the Judiciary.

By Mr. DANIELS:

H.R. 4189. A bill granting the consent of Congress to the several States to enter into compacts providing for the uniform tax treatment of nonresidents; to the Committee on the Judiciary.

By Mr. FINO:

H.R. 4190. A bill to provide for the establishment of a commission to conduct a national referendum on the question of Federal lotteries, and for other purposes; to the Committee on Ways and Means.

By Mr. FOLEY:

H.R. 4191. A bill relating to the observance of holidays occurring on Saturdays; to the Committee on the Judiciary.

H.R. 4192. A bill to prohibit the examination in District of Columbia courts of any minister of religion in connection with communications made by or to him in his professional capacity, without the consent of the parties to such communications; to the Committee on the District of Columbia.

By Mr. GALLAGHER:

H.R. 4193. A bill granting the consent of Congress to the several States to enter into compacts providing for the uniform tax treatment of nonresidents; to the Committee on the Judiciary.

By Mr. HALEY:

H.R. 4194. A bill to amend the Federal Food, Drug, and Cosmetic Act to permit the temporary listing and certification of Citrus Red No. 2 for coloring mature oranges under tolerances found safe by the Secretary of Health, Education, and Welfare, so as to permit continuance of established coloring practice in the orange industry pending congressional consideration of general legislation for the listing and certification of food color additives under safe tolerances; to the Committee on Interstate and Foreign Commerce.

By Mr. HIESTAND:

H.R. 4195. A bill to amend title II of the Social Security Act to increase from $1,200 to $2,400 the amount of outside earnings permitted each year without deductions from benefits thereunder; to the Committee on Ways and Means.

By Mr. HOGAN:

H.R. 4196. A bill to amend the Internal Revenue Code of 1954 to provide that interest on series E U.S. savings bonds shall be excluded from gross income; to the Committee on Ways and Means.

By Mr. HOLT:

H.R. 4197. A bill to repeal the caberet tax; to the Committee on Ways and Means.

H.R. 4198. A bill providing further safeguards against improper practices in labor organizations and in labor-management relations; requiring disclosure of certain financial transactions and administrative practices of labor organizations and their officers and agents and reports of direct and indirect dealings between them and employers which may conflict with obligations as employee representatives; reinforcing rights of members of labor organizations with respect to funds and property, the election and removal of officers, and the exercise by other labor organizations of supervisory control, of such organizations; providing penalties for certain criminal acts; and for other purposes; to the Committee on Education and Labor.

H.R. 4199. A bill to provide for a national wreath; to the Committee on House Administration.

By Mr. HOSMER:

H.R. 4200. A bill to provide for a program of weather modification to be carried out by the Secretary of the Interior, acting in cooperation with the National Science Foundation, to increase substantially the annual average of usable supply of water available in the Colorado River drainage basin, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. THOMSON of Wyoming:

H.R. 4201. A bill to provide for a program of weather modification to be carried out by the Secretary of the Interior, acting in cooperation with the National Science Foundation, to increase substantially the annual average of usable supply of water available in the Colorado River drainage basin, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. ASPINALL:

H.R. 4202. A bill to provide for a program of weather modification to be carried out by the Secretary of the Interior, acting in cooperation with the National Science Foundation, to increase substantially the annual average of usable supply of water available in the Colorado River drainage basin, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. RHODES of Arizona:

H.R. 4203. A bill to provide for a program of weather modification to be carried out by the Secretary of the Interior, acting in cooperation with the National Science Foundation, to increase substantially the annual average of usable supply of water available in the Colorado River drainage basin, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. BARING:

H.R. 4204. A bill to provide for a program of weather modification to be carried out by the Secretary of the Interior, acting in cooperation with the National Science Foundation, to increase substantially the annual average of usable supply of water available in the Colorado River drainage basin, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. ROGERS of Colorado:

H.R. 4205. A bill to provide for a program of weather modification to be carried out by the Secretary of the Interior, acting in cooperation with the National Science Foundation, to increase substantially the annual average of usable supply of water available in the Colorado River drainage basin, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. TEAGUE of California:

H.R. 4206. A bill to provide for a program of weather modification to be carried out by the Secretary of the Interior, acting in cooperation with the National Science Foundation, to increase substantially the annual average of usable supply of water available in the Colorado River drainage basin, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. JOHNSON of Colorado:

H.R. 4207. A bill to provide for a program of weather modification to be carried out by the Secretary of the Interior, acting in cooperation with the National Science Foundation, to increase substantially the annual average of usable supply of water available in the Colorado River drainage basin, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. ROOSEVELT:

H.R. 4208. A bill to provide for a program of weather modification to be carried out by the Secretary of the Interior, acting in cooperation with the National Science Foundation, to increase substantially the annual average of usable supply of water available in the Colorado River drainage basin, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. McDONOUGH:

H.R. 4209. A bill to provide for a program of weather modification to be carried out by the Secretary of the Interior, acting in cooperation with the National Science Foundation, to increase substantially the annual average of usable supply of water available in the Colorado River drainage basin, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. WILSON:

H.R. 4210. A bill to provide for a program of weather modification to be carried out by the Secretary of the Interior, acting in cooperation with the National Science Foundation, to increase substantially the annual average of usable supply of water available in the Colorado River drainage basin, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. KARTH:

H.R. 4211. A bill to encourage the establishment of voluntary pension plans by self-employed individuals; to the Committee on Ways and Means.

By Mr. LEVERING:

H.R. 4212. 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.

By Mr. MAILLIARD:

H.R. 4213. A bill to amend title V of the Merchant Marine Act, 1936 to provide an additional defense allowance to aid in the construction of superliner passenger vessels; to the Committee on Merchant Marine and Fisheries.

By Mrs. MAY:

H.R. 4214. A bill to amend the provisions of the Columbia Basin Project Act relating to the sale of farm units; to the Committee on Interior and Insular Affairs.

By Mr. CLEMENT W. MILLER:

H.R. 4215. A bill to equalize the pay of retired members of the uniformed services; to the Committee on Armed Services.

By Mr. MILLS:

H.R. 4216. A bill to amend title 38, United States Code, to provide vocational rehabilitation, education and training, and loan guarantee benefits for veterans of service after January 31, 1955; to the Committee on Veterans' Affairs.

By Mr. MINSHALL:

H.R. 4217. A bill to amend the Internal Revenue Code of 1954 to provide for capital loss carrybacks; to the Committee on Ways and Means.

H.R. 4218. A bill providing further safeguards against improper practices in labor organizations and in labor-management relations; requiring disclosure of certain financial transactions and administrative prac-

tices of labor organizations and their officers and agents and reports of direct and indirect dealings between them and employers which may conflict with obligations as employee representatives; reinforcing rights of members of labor organizations with respect to funds and property, the election and removal of officers, and the exercise by other labor organizations of supervisory control of such organizations; providing penalties for certain criminal acts; and for other purposes; to the Committee on Education and Labor.

By Mr. MORGAN:

H.R. 4219. A bill to provide for a study by the Secretary of the Interior of strip-mining operations in the United States and for a report to Congress of the results of such study, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. MULTER:

H.R. 4220. A bill to amend the National Defense Education Act of 1958 to provide for a college scholarship program; to the Committee on Education and Labor.

By Mr. O'BRIEN of New York:

H.R. 4221. A bill to provide for the admission of the State of Hawaii into the Union; to the Committee on Interior and Insular Affairs.

By Mr. PERKINS:

H.R. 4222. A bill to amend title 38, United States Code, to provide that the vocational rehabilitation program for disabled veterans shall apply to all veterans disabled after June 26, 1950, and to provide that veterans may accrue educational benefits under the Korean conflict veterans' educational program until individuals may no longer be inducted for training and service into the Armed Forces; to the Committee on Veterans' Affairs.

H.R. 4223. A bill to authorize the appropriation of funds to assist the States and Territories in financing a minimum foundation education program of public elementary and secondary schools, and in reducing the inequalities of educational opportunities through public elementary and secondary schools, for the general welfare, and for other purposes; to the Committee on Education and Labor.

H.R. 4224. 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. REES of Kansas:

H.R. 4225. A bill to amend the Agricultural Act of 1949; to the Committee on Agriculture.

By Mr. RILEY:

H.R. 4226. A bill to eliminate claims of immunity from State and local taxes based on contracts with the United States or its agencies or instrumentalities; to the Committee on Ways and Means.

By Mr. SAYLOR:

H.R. 4227. A bill to amend the Internal Revenue Code of 1954 to eliminate the proration of the occupational tax on persons dealing in machine guns 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. 4228. A bill to provide for the admission of the State of Hawaii into the Union; to the Committee on Interior and Insular Affairs.

H.R. 4229. A bill to provide for a study by the Secretary of the Interior of strip-mining operations in the United States and for a report to Congress of the results of such study, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. SISK:

H.R. 4230. A bill to increase the amount of Federal aid to State or Territorial homes for the support of disabled soldiers, sailors, and airmen of the United States; to the Committee on Veterans' Affairs.

By Mr. SLACK:

H.R. 4231. A bill to authorize the Secretary of Agriculture to acquire additional food commodities for distribution to needy persons; to the Committee on Agriculture.

By Mr. CAHILL:

H.J. Res. 221. Joint resolution proposing an amendment to the Constitution prohibiting a State from taxing certain income of a nonresident; to the Committee on the Judiciary.

By Mr. LIPSCOMB:

H.J. Res. 222. 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. ROGERS of Colorado:

H.J. Res. 223. 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. SIKES:

H.J. Res. 224. 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. TOLL:

H.J. Res. 225. 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. SISK:

H.J. Res. 226. 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. BOSCH:

H. Res. 162. Resolution creating a Select Committee To Conduct an Investigation and Study of the Powers and Functions of Agencies Over the Operation of Aircraft; to the Committee on Rules.

By Mr. HOLIFIELD:

H. Res. 163. Resolution to amend rule X and rule XI 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. CLARK:

H.R. 4232. A bill for the relief of Anton Sankovich; to the Committee on the Judiciary.

By Mrs. DWYER:

H.R. 4233. A bill for the relief of Edward Gruszka; to the Committee on the Judiciary.

By Mr. FORAND:

H.R. 4234. A bill for the relief of Piero Balestri; to the Committee on the Judiciary.

By Mr. FINO:

H.R. 4235. A bill for the relief of Riki Levi; to the Committee on the Judiciary.

By Mr. HENDERSON:

H.R. 4236. A bill for the relief of Woo Bow Land; to the Committee on the Judiciary.

By Mr. HOLT (by request):

H.R. 4237. A bill for the relief of Mrs. Zara Schreiber; to the Committee on the Judiciary.

By Mr. MORRIS of New Mexico:

H.R. 4238. A bill for the relief of Vasilos (Bill) Miliotis; to the Committee on the Judiciary.

By Mr. RIVERS of South Carolina:

H.R. 4239. A bill for the relief of Caterina Urbani; to the Committee on the Judiciary.

By Mr. TABER:

H.R. 4240. A bill for the relief of Domenico Messina; to the Committee on the Judiciary.

By Mr. TELLER:

H.R. 4241. A bill for the relief of Newton Young; to the Committee on the Judiciary.

By Mr. WALTER:

H.R. 4242. A bill for the relief of certain aliens; to the Committee on the Judiciary.

H.R. 4243. A bill for the relief of Theodore Orel; to the Committee on the Judiciary.

By Mr. WALTER (by request):

H.R. 4244. A bill for the relief of Czeslawa Stempniak; 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:

63. By the SPEAKER: Petition of Opal Tanner White and sundry other citizens of the United States, requesting impeachment of the Justices of the Supreme Court of the United States; to the Committee on the Judiciary.

64. Also, petition of Bernardo Villas and others, Bolo Battalion in the Field Day, Dumaguete City, Philippines, submitting a complete list of petitioner claimants, called Bolo Battalion in the Field Day; to the Committee on the Judiciary.

EXTENSIONS OF REMARKS

Floods Again Plague Indiana

EXTENSION OF REMARKS

OF

HON. J. EDWARD ROUSH

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 5, 1959

Mr. ROUSH. Mr. Speaker, I represent an area of the great State of Indiana which abounds in rich farmland, in great industrial potential, and people who are reasonable and proud. We do not make unreasonable demands upon our Government and whenever possible prefer handling our own problems. However, when we are in a position where the magnitude of our problem reaches beyond our own resources and abilities we do not hesitate to seek the help which only our Federal Government can give. We have such a problem now. Indiana has been plagued with floods for many years. Floods which have cost our people millions of dollars in flood damage. Floods which have swept away some of our richest farmland, floods which have destroyed property, floods which disturbed the economy and well-being of our people.

Last year our President signed into law a bill authorizing the construction of three reservoirs in the upper Wabash River Valley. This authorizing legislation was wise. It was not a hit-and-miss thing. It was an acceptance of the

recommendations of agencies of authority who had spent years studying our problem. "At last," we thought, "we have made progress. We now have relief for our problem." Not so. Although recognition was readily given to the fact that we have a need in Indiana for flood control, this need was ignored when it came to supplying necessary funds for the final planning of these projects. The Presidents' budget ignored our request for $50,000 for the planning of the Salamonie River Reservoir and $150,000 for the Mississinewa River project.

Mr. Speaker, Indiana should not be denied the protection the construction of these projects will afford to the lives, property, and well-being of our people. At this very moment floods are sweeping away our topsoil, destroying our property, and endangering the lives of our citizens.

It is difficult for us Hoosiers to understand why we have been deprived of funds which would alleviate one of our most pressing problems.

H.R. 1012, Liberalizing the Railroad Retirement and Railroad Unemployment Insurance Acts, Should Be Approved Immediately

EXTENSION OF REMARKS
OF

HON. JAMES E. VAN ZANDT

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 5, 1959

Mr. VAN ZANDT. Mr. Speaker, yesterday I appeared before the House Committee on Interstate and Foreign Commerce in support of proposed amendments to the Railroad Retirement and Railroad Unemployment Insurance Acts, including my own bills, H.R. 1370 and H.R. 1373.

My statement follows:

STATEMENT OF REPRESENTATIVE JAMES E. VAN ZANDT, 20TH DISTRICT OF PENNSYLVANIA, BEFORE THE HOUSE INTERSTATE AND FOREIGN COMMERCE COMMITTEE, FEBRUARY 3, 1959, IN SUPPORT OF AMENDMENTS TO THE RAILROAD RETIREMENT AND RAILROAD UNEMPLOYMENT INSURANCE ACTS

Mr Chairman, I deeply appreciate the opportunity to appear before you and the members of this committee in support of bills I have introduced to amend the Railroad Retirement and the Railroad Unemployment Insurance Acts.

The legislation has been introduced by me in previous Congresses and has the support of many individuals and groups among the railroad population of my congressional district in Pennsylvania and of the Nation.

The bills are as follows: H.R. 970 provides retirement on full annuity at age 60 or after serving 30 years, and further provides that such annuity shall be not less than one-half of the individual's average monthly compensation for the 5 years of highest earnings, and so forth.

H.R. 971 provides that an annuitant be permitted to continue to perform compensated service for the outside employer by whom he was last employed before his annuity began to accrue. H.R. 971 covers the situation where an employee about to retire is required to resign a clerical position with a church, civic, fraternal, or social organization.

H.R. 972 repeals the prohibition against the payment of both earned social security benefits and spouse benefits under the Railroad Retirement Act. At the present time a spouse entitled to earned social security benefits is penalized by deductions from the amount payable as spouse benefits under the Railroad Retirement Act.

H.R. 1374 is a bill to provide a 20-percent increase in all widows' annuities. In this connection, the 1956 amendments to the Railroad Retirement Act granting an increase of approximately 10 percent did not include all persons receiving retirement benefits, with the result many widows were denied the increase.

Mr. Chairman, H.R. 1370 and H.R. 1373 represent my version of the Harris bill, H.R. 1012, with H.R. 1370 providing for an across-the-board increase of 10 percent in railroad retirement benefits and H.R. 1373 amending the Railroad Unemployment Insurance Act by providing an increase from 130 to 195 the maximum number of days of unemployment within a year for which unemployment benefits may be paid. The bill also liberalizes other provisions of the Railroad Unemployment Insurance Act and is identical to those provisions of the Harris bill, H.R. 1012, that affect the Railroad Unemployment Insurance Act.

I want to go on record at this point of expressing my support of H.R. 1012 because I think it is a step in the right direction in recognizing the urgent need for amending the Railroad Retirement and Railroad Unemployment Insurance Acts. I should like to comment on H.R. 1012 and mention briefly some of its principal provisions.

In amending the Railroad Retirement Act, H.R. 1012 will provide:

1. A 10-percent increase of all monthly benefits effective January 1, 1958.

2. Female employees with less than 30 years of service or the spouse of a retired employee will be able to obtain retirement benefits at age 62 on a reduced annuity. This option is already in effect under the social security system.

3. Maximum creditable compensation for determining benefits and earnings subject to taxation would be increased from $350 to $400 a month for the purpose of broadening the tax base to secure the additional revenue needed to pay the cost of the proposed amendments and to liquidate almost entirely the present actuarial deficit in the railroad retirement fund of $213 million.

4. With the taxable base of earnings broadened to $400 a month or $4,800 annually, the tax rate on employers and employees will increase January 1, 1959, from 6¼ to 6¾ percent. On January 1, 1962, the tax will increase to 7¼ percent each.

In the field of railroad unemployment insurance benefits, H.R. 1012 would provide:

1. An increase in daily benefit rates of 50 cents to $1.70 a day higher than present rates.

2. A new schedule of rates ranging from a minimum daily benefit of $4.50 for annual compensation of $500 to $699.99 to a maximum benefit rate of $10.20 for annual compensation of $4,000 or more.

3. Unemployment benefit periods would be extended for employees with 10 or more years' service by 65 to 130 days, depending upon length of service beyond the 130-day maximum provided in the present law.

4. To finance the cost of additional benefits and to take care of the current deficiency, the tax base after 1958 would be increased from $350 to $400 and the tax rate would be increased so that it would range from a minimum of 1½ percent to a maximum of 3½ percent contingent upon the balance in the railroad unemployment insurance account. Minimum annual earnings needed to qualify for benefits would be increased from the present $400 to $500.

Mr. Chairman, as we all know, the 2d session of the 85th Congress increased social security benefits 7 percent effective January 1, 1959. In addition, for those unemployed whose insurance benefits terminated during 1958, an extension of 13 weeks was granted them.

Therefore, should H.R. 1012 become a law, the 10-percent increase in railroad retirement benefits provided for would become effective January 1, 1959, and for those unemployed railroaders whose unemployment insurance benefits terminated in June 1958, they would be eligible for benefits from 65 to 130 additional days, dependent upon length of service.

The bill actually gives to retired and unemployed railroaders the same treatment accorded persons retired under the Social Security Act or unemployed under the State unemployment compensation laws.

Mr. Chairman, I should like to dwell briefly on the situation facing retired and unemployed railroaders in my congressional district.

First, from a population standpoint I represent one of the largest railroad districts in the Nation. Therefore, I know the full impact of the cost of living on retired railroaders as well as the hardships of unemployment that exist in the railroad industry.

As an example of unemployment conditions in the railroad industry and the urgent need of extending the benefits period for railroad unemployment insurance benefits, I wish to call attention to the fact that in the 3 counties comprising my congressional district a total of 2,101 employees have already exhausted their eligibility for railroad unemployment insurance benefits.

At the present time 1,048 employees are receiving unemployment insurance benefits, and, of this number, 861 will exhaust their right before the new benefit year begins on July 1, 1959. At that time it is estimated by the Railroad Retirement Board that a total of 1,681 employees in my congressional district will be unable to qualify for railroad unemployment insurance benefits in the new benefit year because they did not earn sufficient wages during the calendar year 1958 to qualify for such benefits.

Mr. Chairman, in reviewing my efforts during my congressional career to give adequate service to constituents affected by the Railroad Retirement and Railroad Unemployment Insurance Act, I have been greatly aided by the members and employees of the Railroad Retirement Board not only at the Chicago headquarters but also at district and regional offices in Altoona, Pa., and Cleveland, Ohio, as well as the liaison representative assigned to the Washington office of the Railroad Retirement Board.

In December of last year I visited the headquarters office of the Railroad Retirement Board in Chicago to discuss with the chief executive officer cases of my constituents that came under the provisions of the Railroad Retirement and Railroad Unemployment Insurance Acts, and also to obtain an evaluation of the actuarial condition of the railroad retirement fund and the effect on the fund of legislation that has been suggested to me for introduction in this Congress.

While in Chicago, I also met with members of the Board and some of the staff. I was not only impressed by the way the information I requested was readily made available to me, but I was also impressed by the keen sense of interest and responsibility those Government employees had in administering the provisions of both acts and their consciousness of the existing inflationary trend.

The Board is also well aware of the economic changes that are going on in the railroad industry and of the possible effect of

such changes on operations of the Railroad Retirement Board. With this in mind, they are continually reviewing operations to keep expenses at a productive minimum.

I learned that even before the request of the Bureau of the Budget was received requesting that a 2 percent reduction be made in personnel expenditures for 1959, steps had been taken to hold employment levels well below budget limitations so that there was no problem in adhering to the request.

It was pointed out to me that although the retirement load of the Board has increased greatly since the inception of that program in 1937 and will continue to increase for some years in the future, every effort is being made to find new ways of performing necessary services to prevent an increase in the present employment levels of the Board and if possible to reduce the level of employment.

This is already reflected by the fact that there were 87 fewer persons employed on January 1, 1959 as compared with January 1, 1958, even though the work volume was substantially increased.

It is a pleasure to conclude my testimony by paying this well-deserved tribute to the members and employees of the Railroad Retirement Board for the efficient manner in which the administration of the Railroad Retirement and Railroad Unemployment Insurance Acts is accomplished and at a minimum of expense .

Such economy of operation is appreciated as efforts are made to find means of wiping out the deficiencies in both the retirement and unemployment compensation funds and to finance the cost of the much-needed amendments to existing laws contained in H.R. 1012.

Mr. Chairman, H.R. 1012 is needed and needed badly. It is the fervent wish of my constituents who will benefit from its enactment that it will become a law at the earliest possible date.

As I stated previously, the Harris bill, H.R. 1012, contains in one package the provisions of my bills, H.R. 1370 and H.R. 1373, and I sincerely hope the legislation will be enacted as quickly as possible and that at a later date the committee will consider the other bills I have introduced to amend the Railroad Retirement Act.

Problems Confronting the Hand-Blown Glassware Industry

EXTENSION OF REMARKS
OF
HON. JOHN H. DENT
OF PENNSYLVANIA
IN THE HOUSE OF REPRESENTATIVES
Thursday, February 5, 1959

Mr. DENT. Mr. Speaker, in view of the fact that my district is vitally interested in the successful and prosperous continuance of the flint glassworkers to maintain their employment, I deem it important that the following analysis of the escape clause provisions be inserted in the RECORD.

Most of this material appeared in a comprehensive statement delivered by O. R. Strackbein before the U.S. Tariff Commission for the American Flint Glass Workers' Union, January 27, 1959.

The American Flint Glass Workers' Union in whose behalf I appear before this Commission speaks for a majority of the employees engaged in the manufacture of hand-blown glassware in this country.

This union has not itself filed an application under section 7 of the Trade Agreements Extension Act of 1951 as amended, but wishes to go on record in support of the application filed by the handmade table and decorative ware division (division H) of the American Glassware Association.

The welfare of the industry that employs the members of the American Flint Glass Workers Union is of vital concern to these members. Injury to the industry from imports means injury to our membership. In fact, the workers are usually in the first line of defense wherever imports strike the market in competition with the goods that are manufactured in this country.

One of the first steps that the manufacturer takes when imports seriously interfere with the sale of his products, reducing either the margin of profit or sales volume, or both, is to curtail employment. This he does in one of several ways, or a combination of them.

He may lay off a part of his work force; he may reduce the number of hours of work per day; or he may go on a short workweek. His purpose will be to avoid adding more output to his stock when the goods are slow moving and high priced, hoping thus to adjust his inventory to the downtrend of his sales. In order to do this he must reduce the flow of goods from the factory; and the only normal way of doing this is to curtail man-hours of production.

The worker thus becomes a buffer between the manufacturer and rising imports. Whether the manufacturer succeeds in stopping the import tide by the measures he takes toward retrenchment depends on the character of the import competition. Should the foreign manufacturers of sources of the imports be well equipped for long-term competition on an upward trend, the efforts to make an inventory adjustment would be of little avail.

In that event, any successive temporary expedients resorted to by the domestic manufacturers would be utterly inadequate. The failure of such efforts to adjust stocks to a lower level of demand by reduction of man-hours of work would then call for a permanent readjustment. Of course, imports might continue to rise in spite of more drastic new steps and it might be necessary to repeat them. In the end the situation would become chronic and some manufacturers would become desperate. Here and there a close-down would occur, possibly with the hope of reopening when the outlook might turn for the better.

The hand-blown glassware industry has experienced many difficulties of this character; and the outlook continues to be discouraging. Not only have imports continued to increase in the past 10 years but the trend of the domestic industry is downward in terms of the share of the market supplied by it.

A declining share of the market is important among the criteria of injury found in the escape clause. Indeed, a relative decline in a domestic producer's share of the market removes all doubt about the whereabouts of the competitive advantage. It means simply that the domestic industry is on the run.

Now, it is assumed altogether too often that inability to hold its own competitively with imports marks a domestic industry as inefficient. This assumption lacks even the virtue of fairness. It is like blaming a horse that carries a heavy handicap for not winning a race. American producers carry burdens far greater than foreign manufacturers. Most of this comes from the higher wages that set off our economy and standard of living from those of other countries. Should our wages be reduced to the level of those prevailing in other countries our producers, we may be sure, would have no difficulty competing. They need then be no more efficient than they are now in order to compete. Indeed, with still lower wages, they could come into a position to drive the imports from the market. But we would lose our high standard of living in the process.

Numerous economists, imbued with much beside practical experience, persist in saying that our higher wages are offset by our higher productivity. In repeating this fallacy, they exhibit a stubbornness that might be put to better uses in the land of make-believe. The very facts of daylight belie what these economists say. They refuse to credit the words of those who have daily experience in the marketplace. Imported goods are constantly underselling those of our own manufacture. The proof of the pudding is in the eating.

Why should this process of underselling be in any way surprising? Since the last war, billions of dollars worth of modern machinery and equipment has gone overseas from this country and has been installed in many hundreds of factories. Also more than 8,000 productivity teams from abroad have come to this country to study our production methods.

Beyond this it should be clear now, notwithstanding the peculiar notions of the academic economists, that the American industrial system has no corner on the technological arts nor on science, nor therefore on high productivity. Other countries are capable of developing and installing modern machinery on their own and are doing so.

From these considerations and others it follows that the indictment of inefficiency will not lie against American industry merely on evidence of inability to compete with imports, nor on the mere word of unseasoned economists.

In the case of hand-blown glassware the direct labor cost is high. Because there is little or no mechanization in this branch of the glass industry in this country, and lacking also in other countries, we witness virtual barehanded competition between labor here and abroad, with not much cushion between them. It would be expected that the domestic industry would find great difficulty in competing with imports, and the facts support the expectation.

It should have been obvious that no tariff reductions should have been made

in the first instance; but they were made nevertheless.

The evidence of serious injury is to be found in the trend of imports compared with the trend in domestic production. Imports have come to equal and then to pass domestic production. This is shown by statistics that will be furnished to the Commission by the industry and may be verified by investigations of its own by the Tariff Commission.

The American Flint Glass Workers Union has ascertained from its records in 10 unionized companies manufacturing hand-blown glassware that employment of skilled workers was 979 in April 1949 compared with 667 in April 1958. Miscellaneous workers declined during the same period from 2,526 to 1,625. The respective totals are 3,505 in April 1949 and 2,292 in April 1958. This represents a decline of 35 percent in employment in 10 years in these plants. Imports, on the other hand, increased threefold or more.

To the union this has the appearance of serious injury. To the industry it spells desperation, and the industry will submit other compelling evidence of serious injury.

Since the sole function of the Tariff Commission in an escape-clause action is a finding on injury and recommendation of a remedy, it will be in order to inquire how far this carries us.

In 1943 an escape clause was indeed inserted into a trade agreement for the correction of any injury that might develop; and such a clause was placed in all subsequent agreements. In 1947 the clause was given greater recognition in the form of an Executive order. In 1951 a statutory escape clause came from congressional action. It says simply that—

> No reduction in any rate of duty * * * or other concession * * * shall be permitted to continue in effect when the product on which the concession has been granted is, as a result * * * of the duty or other customs treatment reflecting such concession being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

The President himself has said:

> The President has the responsibility of considering, not only the question of injury to a domestic industry * * * but also the other fundamental questions bearing on the security and well-being of 165 million Americans. The President's final judgment in each case must represent the best composite evaluation he can make of these questions.

This statement may be found in the Bicycle case decided August 18, 1955. He listed five issues that must be decided in an escape-clause case and limited the Tariff Commission's function to the question of "injury and relief to a domestic industry."

The four issues falling in the President's sole jurisdiction and free of any testimony that might be given in public hearings were asserted by the President to be, first, our national security interest in the economic strength of valued allies in the world; second, building export markets for products of our farms, factories, and mines; third, compensation to other countries for withdrawal of concessions; and, fourth, protection of the American consumer against unnecessary and unjustified price increases.

Mr. Speaker, the wide open prairies of the West could hardly offer wider avenues for circumvention of what should be due process of law than the practice thus followed by the President in the administration of the escape clause. This, let me emphasize, is no fault of the Tariff Commission itself.

How have the four factors other than injury intruded themselves upon the scene? By what justification? The escape clause is in the nature of a reservation that permits withdrawal or modification of a concession if a certain contingency develops in fact, namely actual or threatened serious injury. That is what Congress has provided in its wording of the escape clause, quoted above. The only remaining question should be one of fact; and the finding of such fact is the function of the Tariff Commission. The law contains not one word that calls upon the President to gather an unknown volume of additional evidence outside the hearing process and with it to swamp the Tariff Commission's recommendation at will and without compunction.

Unless the Tariff Commission's recommendations should call for a duty higher in its protective effect than that from which it was reduced in a trade agreement, or a proposal for a quota that would rob the country extending a reciprocal concession, as a quid pro quo, of its bargain, such recommendation should be proclaimed without question by the President. He should regard it as representing the invocation of a reservation in keeping with the widely proclaimed policy of avoiding or preventing serious injury to industry. Only if judicial review disclosed improper procedures or insufficient evidence or similar failures of the Commission, should its findings be set aside. The President should stand by his own appointed Commission. The propriety of its findings and the adequacy of its procedures should be left to the judiciary.

Mr. Speaker, under the publicly avowed policies, many times repeated, as documented in the review offered for the record, stating in effect that the trade agreements program is not to injure our industries and that a sure remedy is at hand if injury nevertheless takes place, there is no place for supplemental evidence and trumped-up issues beyond the evidence taken at hearings before this Commission on the question of injury.

It would be difficult indeed to find any support in law or elsewhere for the practice of treating delegated power as authority to skirt not only the law itself but other elements of due process. Yet this is precisely what has been done by the executive branch of the Government in its disposal of Tariff Commission recommendations under the escape clause.

Mr. Speaker, that abominable practice should cease; and the findings of the Commission in the question of injury from imports should be the last word.

An Appropriation for the U.S. Coast Guard Academy

EXTENSION OF REMARKS
OF
HON. CHESTER W. BOWLES
OF CONNECTICUT
IN THE HOUSE OF REPRESENTATIVES
Thursday, February 5, 1959

Mr. BOWLES. Mr. Speaker, I have today introduced an appropriation bill of $6,565,000 to replace wornout and obsolescent facilities at the U.S. Coast Guard Academy in New London, Conn.

The bill provides money necessary to carry out the recommendations of the Board of Visitors to the U.S. Coast Guard Academy, which were contained in a report to Congress on May 2, 1958.

In its report, the board expressed its concern over the "continued existence and use of World War II wooden buildings for various activities of the Coast Guard Academy."

The board reported that immediate replacement of the outmoded structures would result in long-range savings by removing excessive maintenance costs and would eliminate hazardous occupancy.

Mr. Speaker, I think none of us needs to be reminded of the valuable and courageous contribution of the Coast Guard in times of war. They were in the thick of battle as an integral part of the Navy, sailing the same seas and running the same risks.

Nor have they been any less active in times of peace. In addition to patrolling our shores, they perform valuable rescue work, they keep open the sea lanes of the North Atlantic, and they are making water travel safe for surging motor- and pleasure-boat activities.

Yet if we do not provide sufficient funds, we will be striking at the very heart of the service—the Coast Guard Academy. This is where the new officers are trained; this is where the young service minds are shaped. We must not allow their welfare and training opportunities to deteriorate.

It is my sincere belief that as long as the United States recognizes the need for a Coast Guard, it has the obligation to maintain the service in a state of preparedness equal to the efforts made in behalf of the other armed services.

Mr. Speaker, the Coast Guard Academy is only 19 miles from my home and I know it well. It is under excellent management and it has close and most cordial relations with the New London community.

I might add that the New London Chamber of Commerce recently made a special study of conditions at the Academy and concurred in the recommendations made by the Board of Visitors.

Undoubtedly many Members of the House recall that last year a sum of $2 million was appropriated to replace the wooden cadet barracks. All friends of the Academy were gratified by this step forward. But, as the report indicates, much still remains to be done.

Therefore I have introduced a bill based on the report which would provide money for:

First. New barracks, new classroom and administration buildings for the officer indoctrination and candidate schools.

Second. Additional cadet classroom space to accommodate the increased enrollments.

Third. An auditorium for the Academy to replace the present wooden structure which the board called a fire hazard and too small for corps purposes.

Fourth. Major repairs to the Academy docks and causeway that have badly deteriorated.

Fifth. The construction and improvement of other Academy structures that are presently inadequate, outmoded, and hazardous.

The cost of these improvements are based on estimates prepared by the Coast Guard Academy. I would like to point out here that the sum of $6,565,000 does not include an estimate for the construction of officer candidate school facilities. I have specifically stated in the bill that part of the money be used for that purpose because the operation of the school is an integral part of the Academy.

The money will have to come out of other projects, upon which the estimate was based. So even this sum of $6,565,000 may not be fully adequate to meet the entire need. Yet this is the very least we can do.

Mr. Speaker, since this sum was not included in the Treasury's budget for the fiscal year 1960, despite my pleas and those of others, I have introduced this bill in the earnest hope that the Appropriations Committee will take these pressing needs into consideration.

Although I realize that separate appropriation items are almost never reported to the floor of the House, I will be deeply grateful if this bill alerts the committee to what I believe to be a most urgent situation before it reports out the final Treasury appropriation bill now under consideration.

Westside Jewish Community Center, of Los Angeles, Offers Lesson in Community Living

EXTENSION OF REMARKS
OF
HON. JAMES ROOSEVELT
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Thursday, February 5, 1959

Mr. ROOSEVELT. Mr. Speaker, 5 years in the history of mankind is a brief span. But when 5 years span the lives of thousands of persons, each and every year becomes more important and valuable than the mere number of days they indicate.

I make this above observation because there is an organization in Los Angeles, Calif.—and I am more than pleased that the activities of this group take place in my district—which gives factual proof to this contention. The organization to which I refer is the Westside Jewish Community Center which, during its first 5 years of existence, has offered service and brought happiness to thousands of persons.

The record of the Westside Jewish Community Center is already an impressive one, and presages for the future the enriching of many more lives.

Mr. Speaker, I offer some facts and figures about the humanitarian undertakings of this organization, behind each of which is a human being, young or old.

Built at a cost of $2 million, the Westside Jewish Community Center opened its doors on March 1, 1954, and now celebrating its fifth anniversary, the center pridefully points out that it serves almost 7,000 members each year. The aggregate attendance has been approximately 2½ million, a figure equal to the estimated population of the city of Los Angeles.

The center serves as a threshold to community life for many newcomers to Los Angeles, particularly young adults and is open to all members of the community. Inability to pay is no bar to membership, as budget plans are possible and several scholarship funds are available.

The significance of this undertaking is focused on the fact that persons of all ages are able to get together to learn from each other and to find a spirit of camaraderie in a highly populated, broadly spread community.

Through the activities offered—in the fields of athletics, art, dancing, swimming, crafts, music, to mention a few—adults are afforded the opportunity to develop both professional and social skills. More than 700 children have learned to grow up in a new and ever-changing world through the guidance of a skilled nursery school; over 2,000 children have experienced the opportunity to go to camp sponsored by the center.

The community spirit of the Westside Jewish Community Center has been further demonstrated by its action of opening its facilities for meetings and events to other community groups including, among others, Community Chest, Girl Scouts, and Red Cross.

I am sure that there are many others who join me in congratulating the center on its fifth anniversary and in wishing it all success in the years to come.

Next Question, Please

EXTENSION OF REMARKS
OF
HON. STEWART L. UDALL
OF ARIZONA
IN THE HOUSE OF REPRESENTATIVES
Thursday, February 5, 1959

Mr. UDALL. Mr. Speaker, I know from conversations with a number of my colleagues on our side of the aisle that they have had numerous questions in their minds regarding President Eisenhower's true position on the matter of public revenues and Federal programs. To inform their innocence, or rather, as I was saying, to straighten out certain things in their minds, I present the following excerpt from the President's press conference yesterday before he left to shoot quail in Georgia:

Question. Peter Lisagor, Chicago Daily News: Mr. President, you said that you did not think the American people wanted higher taxes. You also said that you thought localities ought to do some of the things.

The PRESIDENT. Yes.

Question. Lisagor: Such as the airport. Governor Rockefeller, of New York, has found it necessary to move to get more taxes for what he regards as desirable programs.

Do you think the American people would be willing to accept tax increases from the State, rather than from the Federal Government? Do you think this is a better approach?

The PRESIDENT. Well, I do not know, because I don't know the rate of that taxation for these several States. This is what I was talking about.

The Federal rate of taxation and what I see as the American reluctance to accept higher rates, unless they can see that there is a clear emergency demanding now current action for which they can be persuaded to make the sacrifice, and I believe they will, if you have got an emergency thing. But now, let's remember we are planning for 20 years, 30 years, 40 years. We have got to live with this thing.

And as we know, as the population grows, we get more revenues, but we also get in some of these things very much higher costs. So let us not—when we remember that our taxes run from down to—we have got a $600 exemption, and we run up to 92 percent, I believe it is, in the very top ones—I think that income taxes, which are the things that the Federal Government mainly lives on, that they are getting about as high as you can keep them on the indefinite basis.

Now, I believe you can, for emergency, tough problems, I think you can do more than that.

Question. Sterling F. Green, Associated Press: Thank you, Mr. President.

(Whereupon, at 10:29 a.m., the press conference was concluded.)

Coal by Wire

EXTENSION OF REMARKS
OF
HON. ELIZABETH KEE
OF WEST VIRGINIA
IN THE HOUSE OF REPRESENTATIVES
Thursday, February 5, 1959

Mrs. KEE. Mr. Speaker, 5 years ago a group of businessmen and union officials, all of them confident of the potential of electric heating, met in my office. Among those who took part were representatives of Appalachian Electric Power Co., National Coal Association, United Mine Workers of America, and electrical equipment manufacturers.

My interest in the expansion of electric utilities service is obvious enough. Mr. Speaker, West Virginia is the Nation's greatest coal-producing State, and from the Fifth Congressional District comes

almost 30 percent of West Virginia's total coal output. The coal industry, directly or indirectly, is responsible for most of the subsistence of the residents of our district. When the miner receives a pay check, a widespread chain reaction takes place. The grocer gets a good portion of what the miner earns. The landlord from whom he rents or the bank with which he has his mortgage comes in for a regular percentage. The miscellany of other recipients includes the barber, the clothier, gasoline station, service utilities, and our churches. Needless to say, our Federal, State, and local governments come in for important shares of every dollar that the miner earns.

Our railroad industry receives much of its revenue from coal traffic. Without that traffic, both operational and maintenance employees are without work.

Supplying coal mines is a big business in southern West Virginia. Timber, steel products, electrical equipment, petroleum products, and many other items are used in heavy quantity by our mines.

Appalachian Electric Power Co. is itself an essential source of employment for many of our people, both in its offices and on its field staffs. What is more, the West Virginia generating stations of Appalachian Electric consume more than 3½ million tons of coal annually. As electric heating grows in popularity, this order will increase substantially. The Appalachian Co. has been in the vanguard of the coal-by-wire effort. Through its advertisements and other promotional activities, it has helped to make West Virginians more conscious of the economic value of the electric heating program.

Now, Mr. Speaker, I do not want anyone to lose sight of the fact that, although the market has declined seriously since the end of World War II, the use of coal in home furnaces is still very important to the industry. Nationwide, some 12 million residential units are kept warm by coal heat. The development of convenient stokers and ash-hauling equipment makes coal all the more attractive domestically, particularly because of its price stability in recent years. We are not suggesting conversions from coal furnaces. We do believe it to the benefit of builders and the public in general to call attention to the advantages of heating by electricity. For this reason, I am always happy when a publication devotes space to the growing popularity of electric heating.

Coal Age, a McGraw-Hill publication whose editor, Iven Given, is a native of Sutton, W. Va., and who is probably one of the best informed authorities on the mining industry, featured an article on electric heating in its January issue. Written by W. A. Raleigh, Jr., associate editor, this comprehensive review of the many facets of electric heat not only captures the imagination of investors, architects, and builders, but also offers an interesting study for anyone who is thinking of buying a new home now or in the future. I commend it to the attention of all who may read these remarks.

Mr. Speaker, I should also like to say that an excellent series of articles on "Coal by Wire" has appeared over the past few months in the United Mine Workers of America Journal. This effort has resulted in an availability of printed material that will enable any interested home purchaser or homebuilder to make his own choice of heating equipment based upon installation costs and present and future fuel crisis and supply.

From time to time Mr. Speaker, I hope to refer to these informative articles so that a digest of their contents may become an official part of the CONGRESSIONAL RECORD.

The Unlocked Back Door of the Federal Treasury

EXTENSION OF REMARKS
OF
HON. THOMAS M. PELLY
OF WASHINGTON
IN THE HOUSE OF REPRESENTATIVES
Thursday, February 5, 1959

Mr. PELLY. Mr. Speaker, the first budget-buster bill is on its way, and the boobytrap to catch those of us who are trying to hold the line on Federal taxes as well as spending has passed the House. I was 1 of the 89 to vote against this bill. I am referring to H.R. 2256, the bill which provided $300 million for direct Government loans to veterans.

Let me make it clear, as was pointed out when the House was debating this bill, there is presently available $192 million for these direct loans, but with the realistic interest rates in the new bill I doubt if there will be a demand for funds. Private capital will meet the need and that is the way it should be.

Furthermore, as my colleagues are well aware, this $300 million was not in the budget. That is why I, for one, did not deviate from my firm determination to support holding the line on spending.

Mr. Speaker, the debate on H.R. 2256 and this $300 million unbudgeted item brought out some other facts which needed airing. In the discussions from both sides of the aisle, there was strong criticism of what has been going on and what is one of the major causes of Federal deficits. In other words, all of a sudden out in the open comes the admission of a means of back-door approach to the Treasury, which has been used to open wide the spending floodgates and to bypass the constitutional requirement of congressional review and the prohibition that no money shall be withdrawn from the Treasury of the United States, except by appropriation pursuant to law.

It was pointed out that by authorization bills, which state the administrator of an agency in question may issue notes, it has been possible to get money direct from the Secretary of the Treasury who is required to cash these notes. Thus, the need as to the spending of such funds has not been studied or approved by the House or Senate.

Furthermore, the Constitution specifically provides that all revenue measures must originate in the House of Representatives, yet, as was brought out in the debate on veterans housing, 16 bills calling for $9 billion of expenditures last year came to the floor of the House with that provision in them and 12 of these bills originated in the other body.

Mr. Speaker, the chairman of the Rules Committee has introduced a resolution which, as I understand, would require conformity with the Constitution covering appropriations. I hope it will come to the floor and if so I will support it. It is the only way to hold the line on spending.

Meanwhile, I want to emphasize that the $300 million for direct loans to veterans, which I voted against, was an example of the back door Treasury type of legislation and in large measure is the way deficit spending has been flourishing.

I do not desire to inject politics today in this statement, but for myself I must ask to be counted in disagreement with those of the opposition leadership who seek to excuse this back door approach on the grounds that without it much progressive legislation, as it is called, would not be enacted. If legislation cannot stand up under constitutional legislative process and review within the framework of constitutional procedure and congressional approval, either the Constitution should be amended or the measures not enacted into law.

The salvation of our country to my way of thinking, as recognized by the Founding Fathers, lies in control by the representatives of the people of the right to appropriate money. If we abrogate the provision that no funds shall be withdrawn from the Treasury except by lawful appropriation by the Congress, there will be little hope of checking inflation and maintaining fiscal responsibility.

Finally, let me say, as I have said so many times in the past, let us redouble our efforts to curb unneeded spending and remember that the money we handle belongs to the taxpayers and the debt we incur is their obligation and liability; not ours alone.

Creating an ever-expanding national debt to be loaded upon our children I cannot view with equanimity. Especially so in a time of comparative prosperity and highest earnings and wages in history. I cannot join the spenders and charge off deficits to "balanced human budgets"—except in times of economic crisis.

My conscience cries out that presently, as we spend more, we should tax more, and I am against both of these. They are not necessary. So I urge locking the back door of the Federal Treasury and restoring control to Congress.

Mr. Speaker, in answer to Thomas Jefferson, if a choice is necessary, I will support economy and liberty as against profusion and servitude, especially, as it may be in the latter case, it would be visiting our sins upon the third and fourth generation.

Airline Accidents

EXTENSION OF REMARKS
OF
HON. ALBERT H. BOSCH
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Thursday, February 5, 1959

Mr. BOSCH. Mr. Speaker, another accident in the vicinity of La Guardia Airport. How long must we wait to get corrective legislative action? This plane could just as well have fallen in the congested areas of Queens County, resulting in untold suffering and devastation, not only to those traveling in the plane but also to those on the ground.

Previous hearings indicate that about 90 percent of plane accidents are the result of bad-weather flying. The present regulations are too liberal—they need strengthening. It is our obligation to take this matter under advisement and to provide such action.

The crash of the American Airliner in the East River on February 3 is but one of many accidents which have occurred in the New York area in recent years during inclement weather. To cite a few, in April 1952 five persons were killed and four houses were destroyed when a plane crashed in Jamaica, Queens County, after it missed its landing at Idlewild Airport; in October 1953 two persons were killed and others injured when a plane crashed while taking off in fog at La Guardia Airport; on December 18, 1954, an Italian DC–6–B airliner roared low over homes and densely populated areas in the vicinity of Idlewild Airport, not once but three times, and finally, on a fourth approach ripped into a Jamaica Bay pier, burst into flames, and sank in the water, killing 26 persons.

To elaborate on this crash in December 1954, the airliner left Boston in bad weather for Idlewild where the weather was rapidly closing in; when the plane arrived at New York the ceiling was just about 200 feet—the minimum ceiling, under present regulations, for landing; the pilot had to drop below this minimum in order to establish visual contact with the ground—one point we must bear in mind is that before a pilot can effectively land upon any landing strip, whether guided by instruments or not, he must establish visual contact with the ground.

Now, this most recent crash in New York reveals that the ceiling was 400 feet at the time of the crash. In a report titled "Sensory Illusions of Pilots," published several years ago by the Flight Safety Foundation, Chief Pilot P. P. Cocquyt of Belgium's Sabena Airline, said that an overwater approach robs a pilot of landmarks by which to judge altitude visually. He often believes he is higher than he actually is and the illusion will cause him to descend toward the runway lights at a steeper angle than is warranted. I think it is safe to assume that the pilot of this plane, acknowledged by the company to be "one of the finest pilots American Airlines has ever had," lost his depth perception.

Mr. Speaker, I have cited these cases to point up the need for legislation to establish by law safety regulations to stop these bad weather accidents.

As my colleagues know, I have in the past two Congresses introduced legislation to raise, by law, the minimum visibility requirements for takeoffs and landings at the airports in the New York area. I have again introduced this legislation, which I feel would do much to avoid some of the catastrophes which have happened in the past and which I have outlined above. These bills are H.R. 4179 and H.R. 4180 which have been referred to the Committee on Interstate and Foreign Commerce. In addition, I have introduced House Resolution 162 to create a select committee to conduct an investigation and study of the powers and functions of agencies over the operation of aircraft which was referred to the Committee on Rules.

Mr. Speaker, time for talking has passed; it is time for action. I urge my colleagues to join me in urging these committees to act speedily on my bills. It is my firm conviction that they merit enactment.

Medal of Valor Awarded to Oakland Policeman Robert Ross

EXTENSION OF REMARKS
OF
HON. GEORGE P. MILLER
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Thursday, February 5, 1959

Mr. GEORGE P. MILLER. Mr. Speaker, the East Bay Police and Fire Post, Veterans of Foreign Wars, has awarded the Medal of Valor to Oakland policeman, Robert Ross, 32, 14317 Bradley Street, San Leandro, Calif., for the performance of duties above and beyond the call of his official duty.

Last March Patrolman Ross went inside a tanker that was moored at the foot of Oakland's embarcadero to rescue three men who were inside the tanker, overcome by leaking gas fumes.

The citation given Ross reads in part:

A man's quick thinking and immediate action saved the lives of three workmen.

Ross and Charlie Kitchen, 30, a shipyard worker also from San Leandro, lowered themselves 40 feet into the tank of an oil barge where the three men were overcome by fumes. They secured lines about the men and a crane pulled them to safety as Ross and Kitchen guided the cables.

Ross is married and has two children, Karen, 9, and Robert, 6.

Judge Homer Buckley, Oakland municipal court, presented the medal and citation at a meeting held in the Veterans Memorial Building.

The Medal of Valor is given annually to an outstanding East Bay fireman and policeman. This year the medal was given only to Ross, since no firemen were nominated by the judging committee for the honor.

Legislation To Create a Coal Research and Development Commission Will Prove a Boon to the Nation's Coal Industry and Should Receive Favorable Consideration by the 86th Congress

EXTENSION OF REMARKS
OF
HON. JAMES E. VAN ZANDT
OF PENNSYLVANIA
IN THE HOUSE OF REPRESENTATIVES
Thursday, February 5, 1959

Mr. VAN ZANDT. Mr. Speaker, on January 7 I introduced H.R. 1179 which would create a Coal Research and Development Commission as an independent agency. A number of other Members of this House on both sides of the aisle have introduced like proposals. It is our hope that this legislation can be acted upon expeditiously and that the coal research body can be put into operation soon.

This legislation is identical to bills which were introduced in the 85th Congress. In the Senate the bill was passed and sent to the House. In this body the legislation was approved by the House Interior and Insular Affairs Committee, but was caught in the rush of legislation during the final days of the session.

The creation of the independent Coal Research and Development Commission is the only type of coal research legislation which has met with the approval of both management and labor in the coal industry. When a subcommittee of the House Interior Committee, of which the present chairman of the committee was a member, hearings were held on this type of research agency. In addition to witnesses representing the coal operators and the United Mine Workers of America, the committee heard advocates for the legislation from the railroads, the mine machinery suppliers, industrial consumers, Governors and other officials of coal-producing States, and representatives of coal communities. All were in agreement that the type of research agency as proposed in this legislation would be a boon to the coal industry.

As a member of the Joint Atomic Energy Committee, I have personal knowledge of the vast sums of money which have been and are now being spent on the experimentation of an atomic reactor designed to produce commercial power. Certainly if we can afford to spend such astronomical sums on a source of energy which is now in the experimental stage, we can well devote a small percentage of that amount to further research developments of a fuel that has been the principal source of our economic power in every emergency that this country has faced.

I sincerely hope that for the benefit of the thousands of unemployed mine workers and railroad workers in my district that we can have early committee action on the various legislative proposals to establish the much-needed and essential Coal Research and Development Commission.

Coal Problems

EXTENSION OF REMARKS

OF

HON. JOHN H. DENT

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 5, 1959

Mr. DENT. Mr. Speaker, in order to clear up any misunderstanding on my proposal for the creation of a Coal Research Commission, I submit the following analysis and argument.

COAL PROBLEMS

The serious condition of the coal industry can be directly traced to the following sources:

First. Importation of fuel oil.

Second. The subsidization of other power sources.

Third. The favored position given to competitive domestic fuels taxwise by existing laws.

Fourth. The high cost of transportation of coal which, in some instances, is higher than the production costs.

Fifth. Our foreign trade and air policies which are responsible for a reduction of American production which in turn reduces the use and need of fuel.

The Canadian Government has long ago realized this and has had in operation at least two major operations for the benefit of the coal industry.

First. They subsidize coal by paying a subvention on coal transportation to enable the producer to meet competition with other domestic fuels as well as American imports.

Second. They maintain a complete unit for research into the uses, production and marketing of coal through a coal research commission.

Even this last operation has been denied our coal industry.

We have research and study commissions on many subjects and yet, we refuse as a body to pass the necessary enabling legislation to create a study commission for coal.

Why? Simply because other fuel sources oppose the coal industry. In passing, it might be interesting to note that more payroll dollars are paid out by the coal industry per B.t.u. of heat energy than any other source of fuel.

For years the membership of the House of Representatives coming from the coal mining areas have been attempting to pass legislation to create a Coal Research Commission.

It has always been defeated by arguments based upon economy. Nothing could be farther from the truth than the statement that "we can't afford a study commission for coal."

In the face of the declining fuel market for coal, the subsidization by the Government of TVA atomic powerplants, and other fuel sources makes it imperative for coal to find new uses and new markets.

One such outlet is fast disappearing. That outlet was called the foreign shipments market.

Recently, the following stories appeared in the public press:

Bonn puts embargo on imports of coal.

Six nation trade agreement group to put limitations on coal imports. Study plan to subsidize this domestic coal to compete with American imports.

Recently, West Germany put a tariff on coal of $4.79 a ton.

The above-captioned stories tell a very sad story. While we are opening our tariff doors wider and wider for foreign made goods, our so-called friends are clamping down on our products just as quickly as they become self-sufficient.

There is a growing suspicion too, that some of our own foreign aid money will be used to subsidize our competitors.

This, of course, would not be a new phase in our international policies. It has been going on for some time in other fields of American production.

The history of coal is the history of steel and the history of steel is the history of our phenomenal growth as a producing, successful nation.

There are still untapped reserves sufficient to provide fuel needs for many, many years.

However, in the face of present and future threats to this industry from other fuel sources, it becomes our duty to help this industry and the thousands of families and hundreds of communities that depend upon coal for their welfare and in some cases, their very existence.

There can be no valid argument to offset the arguments so far advanced. I expect to present a new bill which will make the Commission self-sustaining.

I would increase the coal depreciation allowance from 5 to 15 percent—oil and gas enjoy a 27-percent allowance—and take a certain per tonnage assessment against all coal mined to carry out the work of the Study and Research Commission.

It is estimated that we have coal reserves beyond our needs for the foreseeable future.

Coal is one of the world's most versatile minerals. Its uses are limitless. The need now is for the proper study of its many byproducts with the goal in mind of preserving both the industry and the jobs of its employees.

The stubborn, and sometimes blind, opposition to the Commission fails to recognize that our neighbor Canada has such a commission and has for years been giving its coal industry government subsidies in both government-financed research and direct transportation subsidies.

King Coal is not dead, he is just slumbering. He still has the power and the resources to keep alive the fires in the continuing and eternal struggle for the welfare of all the people.

To those of us whose roots are deep down in the bowels of Mother Earth, nurtured by hard times, near starvation, strikes, coal and iron police and meager fare of the old company store, the depreciation of our coal economy strikes us as a real catastrophe.

The sickness of the coal industry is contagious. No one dare really measure the loss sustained by our whole economy when a coal mine shuts down. It is not money alone, it is all of the other values that somehow have become a part of our way of life.

This Congress cannot, in good conscience, refuse again to pass this legislation.

Mr. Speaker, I again appeal to the good will and sound judgment of this House to support my bill for the creation of a Coal Research Commission.

Increasing imports of crude and residual oils are having a greater impact on the bituminous coal industry than ever before. Please consider these facts.

The administration's voluntary import control program, even under the broader trade agreements statute enacted in 1958, is not effective in restricting the imports of crude oil and products. Imports of residual oil have not been included in the voluntary control plan.

Residual imports in 1958 were approximately at the 1957 level. Coal production in 1958 was 20 percent below the previous year. Residual imports for the week ending January 9, 1959, averaged 867,200 barrels daily—456,300 barrels daily above the comparable week in 1958. This is the highest level in history. Coal production for the same week was 645,000 tons below the comparable week in 1958.

Total residual imports to January 9 were 7,342,800 barrels, greater by more than 2 million barrels than for the same period in 1958. Total coal production to January 10 was 9,922,000 tons, less by 2,584,000 tons than for the same period last year.

Imported residual prices along the eastern seaboard, the area of greatest impact in coal's markets, have been reduced from $2.57 in August 1958, to $2.37 in January 1959. Thousands of tons of coal's markets have been absorbed as a result of the increased residual imports and reductions in price. Economic conditions in coal-producing areas are deplorable. Unemployment is on the increase, and the number of public assistance recipients is increasing.

Significant facts regarding the proposal for the establishment of a coal research independent agency:

First. In practically all instances where Government-sponsored research programs are in operation, administration and control of such agencies are in the hands of independent agencies, for instance: National Science Foundation, National Advisory Committee for Aeronautics, Atomic Energy Commission.

Recently the Department of Defense, within its own organization, has set up a separate and distinct agency for research operations rather than assign control of these activities to the various established Government divisions.

Second. An important research program, such as anticipated, to benefit the coal industry would require high-type administrative personnel. This is obtained in independent agencies, whereas the same option is not available under established agencies. For instance, the chain of command in an existing Government agency would be along the lines of the following: First, secretary of the department; second, under secretary of the

department; third, assistant secretary in charge of the particular area; fourth, director of the bureau within which such operations might fall; fifth, assistant director of the bureau; sixth, chief of the division; and, seventh, head of a research program.

In other words, in the average governmental department a coal research program would necessarily fall to an individual in the seventh administrative level.

Third. Traditionally, in moving projects through Government agencies interdepartmental delays tend to hamper expeditious movement. Likewise, most Government agencies are inclined to protect their own "empires" from possible invasion by other Government departments.

Fourth. There has existed for quite some time a natural inhibition on the part of private industry to turn over to an established Government agency information that might result in impediments to such industry competitively. This is particularly true where several competitive industries find their direction under the head of the same department or bureau. In these cases, industries are reticent about giving information and details of activities for fear that it might find its way into the hands of competitors in its own field.

Fifth. The coal industry's desire for a coal research program is for one that would be all comprehensive, and all inclusive. It should not, therefore, be limited to the field of technical research in which most of the existing coal research done by Government has been confined. In addition to the technical aspects of research, the coal industry's suggested program would cover such other areas as market and distribution, transportation, utilization, etc. In Government, in order to find experience and the qualification to evaluate projects in such fields, it would be necessary to refer to several separate existing departments of the Government. This would require a very involved job of coordinating as well as directing.

Sixth. As evidenced by the experience of Government itself in placing research under individual agencies, the problem of administering a research program requires individual and special attention. It is not something that can be operated successfully as an adjunct administrative task involving other operations of a Government department.

Significant quotations pertaining to the coal industry's suggestion for a coal research project:

House Report 1263, August 27, 1957, "Findings and Recommendations of the Special Subcommittee on Coal Research," in the conclusions of that report on page 29, made the following comments concerning a coal research project:

A short-range, federally supported coal research and development program such as that referred to in the preceding paragraph, if it is to be conducted expeditiously and effectively and achieve the maximum end results, should utilize the research facilities and personnel of industry associations, universities, and other nonprofit organizations, of private consulting firms and of the Department of the Interior and other Federal agencies, to the extent it is practical to do so, and should be administered by an independent Federal agency which must not be shackled and inhibited by such traditional approaches and restrictive policies as control research activities in the Department of the Interior.

As between the work on coal research in existing Government agencies and the suggestion which has been made by the coal industry for an independent agency, this same report, on page 91, makes the following comment:

And the Bureau of Mines, as a matter of policy, does not concentrate its coal research activities on efforts to solve the short-range problems of the industry. Most of the Bureau's work on coal, which now amounts to about $5 million annually, is in the area of long-range research and is of such nature that it appears unlikely the average coal producer will be benefited by it.

With reference to the unanimity of the recommendation for a coal research agency established as an independent agency of the Federal Government, the above quoted report has the following to say:

The Bureau of Mines does not look with favor upon an expanded coal research program along the general lines suggested by the National Coal Association and as suggested by practically every witness appearing before the subcommittee on behalf of the coal producers, mine workers, State organizations, community officials, civic groups, and coal-carrying railroads.

In addition to the congressional comments, the Western State Governors' Mineral Policies Conference on November 7, 1955, advocated an approach similar to that recommended by the coal industry in the following comment from their conference report:

1. Establish at Federal level, and at State level where desirable, permanent minerals research advisory boards. These boards should consider and recommend initiation of research programs, which, in their opinion, are particularly needed.

Excerpt from statement of policy of National Coal Association, page 12:

RESEARCH

Scientific research has made an immeasurable contribution to the economic growth which has made the United States preeminent among the nations of the world. Research should be broadened and intensified to assure further expansion of the Nation's economy and the maintenance of the U.S. leadership. Private industry should continue to play a substantial role in research and make every feasible contribution to the Nation's continued progress. The ultimate in research is beyond the economic capability of some segments of the economy. In furtherance of the national interest and the public welfare, it is incumbent upon the Federal Government to encourage and participate actively in appropriate research in the field of energy resources. An independent Federal agency composed of representatives of industry and Government should be established to aid in developing, coordinating, supervising, and financing an appropriate research program for the extraction, utilization, and consumption of bituminous coal. The program should rely upon existing research facilities to the greatest feasible extent, giving impetus and direction to present research efforts.

The Townsend Plan Bill

EXTENSION OF REMARKS
OF

HON. JOHN A. BLATNIK

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 5, 1959

Mr. BLATNIK. Mr. Speaker, for many years legislation embodying the principles of the Townsend plan "pay-as-you-go social security for all" has been before Congress. In the 85th Congress I joined with Representative BURDICK, of North Dakota in sponsoring the Townsend plan bill.

I have introduced H.R. 4000, which is identical with the Townsend plan bill I sponsored in the 85th Congress, and which differs from other bills embodying the Townsend plan, in former years, only in terms of legislative form and in respect to technical construction. It does not differ in respect to any basic principle, objective, or standard. The gentleman from California [Mr. GUBSER] has introduced a companion measure, H.R. 4001.

The 1959 Townsend plan bill is specially drafted as an amendment to the Social Security Act, repealing or suspending, as the applicable case may be, the various provisions of Old Age, Survivors, and Federal Disability Insurance and instituting in place thereof the Townsend Plan program under title II of the act.

Under this bill, a smooth transition from the present system of old-age, survivors, and disability insurance is provided for. No persons entitled to or receiving benefits under the present system will lose a penny of those benefits—because benefits under the 1959 Townsend plan bill will overlap those of the present system until all benefits under the present system are totally absorbed by the benefits under this bill. To the extent that some benefits paid under the present system exceed those initially provided for under my bill, the difference will be paid from the reserve funds of the old-age, survivors, and disability system.

Within 2 years, after the effective date of this Townsend plan program, it will have totally absorbed all benefit obligations of the present system.

This smooth, equitable transition is provided for by these provisions: Six months after its enactment the gross income—gross receipts—tax, upon which H.R. 4000 is based, will go into effect at the rate of 1 percent for a period of 6 months. Then, it will be advanced by one-fourth of 1 percent for each succeeding calendar quarter until it reaches the full tax rate of 2 percent. It will reach this rate of 2 percent as of the 16th month after its effective date.

The initial benefits financed under the 1 percent tax rate will be approximately equal to the average primary benefit paid under the present system—so that, right from the start, present benefits up to the amount of average primary benefits will be absorbed by the Townsend plan program. Then, as the tax rate

advances quarter by quarter, benefits will proportionately advance to a level estimated at between $130 and $150 per month.

Thus, virtually every possible benefit-liability of the present system, under title II, will be smoothly absorbed by the Townsend Plan program. If there prove to be some few beneficiaries entitled under the present system, who do not qualify for some unforeseeable technical reasons under the Townsend plan program—they are certainly provided for many times over by the approximately $23 billion reserve funds of the present system. Under my bill, nobody will lose any benefit—and in a short time all will receive better benefits than the present system will afford them. At the same time, once full benefits have been achieved under my bill, we will no longer have people trying to live on benefits capable of affording them nothing better than severe poverty. My bill will really solve the social security problem.

The problem of providing for equitable and smooth transition from the present program has been one of the foremost obstacles in Congress to adoption of the Townsend plan. This bill completely removes this obstacle.

The 1959 Townsend plan bill specifically defines its objectives. It provides that each year the Department of Commerce, under its Census Bureau work of annually surveying the distribution of money income in the U.S. population, will report to Congress, specifically, what rate of the gross income tax would have been necessary during the preceding year, under the program, in order for the overall income of the aged population to have compared favorably with that of the younger, adult population. This feature is designed to create a situation whereunder the Congress—and everybody else—will henceforth know, as a matter of clear record, exactly what the relative position of the aged is economically.

This feature is designed to provide each year a defined basis on which everybody can henceforth deal with the primary problem of just how much pensions should justly be in the light of authentic facts. Up to now, this question of exactly how much pensions really ought to be has not been officially dealt with. The Townsend program is fundamentally predicated upon exactly that study and approach to the whole problem. My bill provides, in the Social Security Act, the legal requirement that this question be authentically reported on each year, to Congress by the Department of Commerce.

Now, there has always been a long list of arguments—in principle, academic arguments—about the workability of the gross income tax on which the Townsend plan is based. This bill provides, in its definition of gross income, the conclusive end to this whole field of confusion due to these purely theoretical and academic arguments, as well as an end to the waste of time and effort in dealing with such unrealistic claims and counterclaims, in a very simple way. Since 1933, a genuine gross income tax has been operating with unchallenged efficiency and practicality in the State of Indiana. Correcting jurisdictional references, the precise text of the definition of gross income contained in the Indiana State gross income tax act of 1933, as amended up to, and including, 1953, is incorporated in the 1959 Townsend plan bill.

It is specifically to be noted that this does not constitute any change in principle or departure in policy by the Townsend organization. The tax proposed in the Townsend bill has traditionally been exactly what is now proposed. However, there have always been those, in and out of Congress, who insisted persistently that the Indiana tax really was not the same, was in reality quite different from the Townsend proposal. This specious argument stands abolished since the 1959 Townsend plan bill contains precisely the same definition of gross income as the Indiana law.

The 1959 Townsend bill provides for old-age retirement at the age of 60 years; for full benefits to persons disabled between ages 18 through 59; for full benefits for female heads of family groups with one or more dependent, minor children; and for proportionate benefits of one-third of the full benefit rate for such dependent children under 18. This last is new coverage.

H.R. 4000 does not require complete and outright, all-or-nothing retirement by beneficiaries, but encourages their participation in the Nation's productivity. At the same time, it provides a deterrent sufficient to prevent pensioners from selling their services so cheaply as to constitute unfair competition with other work-seekers. The provision is that above the amount of $75 per month, adult beneficiaries would lose $1 of their benefit for each full $2 earned in employment or self-employment. For the secondary beneficiaries, the children, they, too, would lose $1 for each full $2 per month earned in excess of $50 in employment or self-employment.

When accorded serious study, the above provisions will be seen—not only as providing reasonable inducement to beneficiaries to supplement their benefits by appropriate participation in the labor force without risking frustrating reductions in their benefits—but, also, as aiding greatly in enabling workers to "ease" into retirement over a period of time and in the rehabilitation of the disabled and "easing" them back into full occupation over a period of time.

The 1958 Townsend bill requires that any person over 18 years of age must have resided in the United States for a total of not less than 10 years in order to qualify for benefits. The reasons for this provision are manifold; but, suffice it to say that very rare would be the citizen of the United States who would not have satisfied this requirement before his childhood was over. At the same time, this requirement, imposed on our own citizens, will abridge the difficulties involved in treaties we have with various nations reciprocally agreeing that we treat each others' nationals exactly as we treat our own citizens; and it will conclusively bar persons from becoming simply retirement emigrees to the United States, since all will have to have been here long enough to support the system quite substantially before becoming eligible to draw its benefits.

The bill exempts persons under 18 from this residence requirement even if the adults upon whom they depend may be barred by this residence requirement.

THE NEED FOR TOWNSEND PLAN LEGISLATION

The need for this type of legislation is embodied, first, in the fact that we have a Social Security Act, in the first place. This means that in 1935 Congress recognized the social security problem to such a degree that the act was adopted. This realization extended to the level of the problem being recognized as, in principle at least, a national, not a local or regional problem—a problem requiring Federal legislative action. This legislative action, itself, certified the ruling conviction that privately the problem could not be handled. Legislating the entirely Federal program embodied in old-age and survivors insurance recognized that the problem was beyond the capabilities of local and even of State governmental scope. The subsequent actions by Congress after 1935—up to and including 1958—certify unanswerably that this conviction as to the solid, national nature of the problem has continuously solidified and strengthened.

When it is all summed up, the truth is this: We have a social security problem simply because the great majority of Americans reach old age only to find themselves lacking the financial ability to command income and living standards reasonably comparable to the general standards of living prevailing around them. The present system of old-age, survivors, and disability insurance has done good as far as it has gone, or could go. However, in recent years it has become clearly evident that the present system is not altering the above stated reason for our having a social security program, in the first place. All we have done has been to prevent the originally deplorable economic position of our aged from becoming still worse. Since the end of World War II, we have not bettered the comparative economic position of our senior citizens. As a group, their income share has remained unchanged while their comparative numbers have increased over three times as rapidly as any other part of our adult population. In fact, in the overall, despite all our efforts under the present system, the comparative income position of our elderly people remains a continually declining one. I repeat, the present program is good—as far as it goes—but, far from solving the social security problem, it continues actually failing to prevent the problem from getting slowly worse.

The bill I have introduced today is squarely based on the belief that Americans desire and should by all means enjoy economic sufficiency and independence as the final result of life. Obviously, if they are ever going to achieve this result, we have no alternative than an entirely new approach to the problem. That new approach is the substance of the bill I have introduced.

Let us look at the facts about the economic position of our elderly people. In February 1954, the Social Security Bulletin carried an article by Jacob Fisher of the Social Security Administration's Division of Research and Statistics, namely, "Postwar Changes in the Income Position of the Aged." This report shows the population aged 65 and over increased 17 percent from 1947 through 1952—while the total population aged 14 and over increased only 5 percent—but their share of total personal income increased from 7 percent in 1947 to only 8 percent in 1952.

Analysis of Census Bureau data shows the share of the elderly to have been 7.3 percent in 1953, 7.7 percent in 1954, 7.9 percent in 1955, 7.6 percent in 1956, and 7.4 percent in 1957. By 1957, the aged population increased 36.9 percent over the 1947 number, while the total population 14 and over, including the aged, increased only 11.5 percent. Thus, the comparative income position of the average aged person declined, seriously, from the admittedly unjust levels of 1947 to an even more inferior level in 1956.

The increase of the aged as a part of our total population continues unabated, while their total share of income remains unchanging. This has taken place despite congressional action in 1950 increasing OASI benefits by 70 percent and in spite of congressional actions each 2 years ever since. It has taken place despite the dramatic increase in private pension systems and the liberalization of just about every existing public and private retirement system, as well.

Since the end of World War II, OASI has not only failed to solve the social security problem; but, it has even failed to prevent it from getting worse.

Furthermore, a 1955 report from the Social Security Administration warns that to establish even so modest a minimum OASI benefit as $75 a month would entail payroll tax rates so high as to endanger public support and acceptance of its contributory principle. This conclusion has repeatedly been urged by this same authority in the discussion of benefit increases ever since.

The facts clearly place before us the unavoidable conclusion that we do not yet have anything resembling a Federal social security program capable of affording the American people the kind of social security they richly deserve. It is in the light of these facts that I have introduced today H.R. 4000 which is designed specifically to provide such a completely desirable social security program under title II of the Social Security Act.

Our ever-increasing ability to produce goods and services dictates that we must keep buying power amongst our population abreast of our ability to produce or suffer again and again the losses in wealth and human welfare so recently experienced because of business recession. It has become more than clear to me that unless we stop destruction of the average American's buying power upon his reaching old age, we can never do this. It is what OASI has clearly failed to do. It is exactly what H.R. 4000, the Townsend plan, will do.

Added to what we authentically know the American people can do privately for their retirement, Townsend plan benefits will end poverty and dependence in old age, establish the aged, as a group, on reasonable income parity with the rest of our adult population—thus amplifying buying power, the only way prosperously to absorb surpluses.

Therefore, the Townsend plan should be adopted immediately, in place of the present system of old-age and survivors and disability insurance.

HOW THE 1959 TOWNSEND PLAN BILL WILL WORK

On the first day of the sixth month beginning after the enactment of this bill, the program will go into effect. For the purposes of simplicity, let us assume that the effective date is January 1.

Then, as of January 1, the tax proposed in this bill will go into effect and the present payroll tax supporting old-age and survivors insurance and Federal disability insurance would cease. For the 6-month period—January through June—the gross income tax will operate at the rate of 1 percent. For the 7th, 8th, and 9th months, the rate will be 1¼ percent; for the 10th, 11th, and 12th months 1½ percent; for the 13th, 14th, and 15th months 1¾ percent; and for the 16th and all succeeding months 2 percent.

Meanwhile, beginning with the seventh month—July—the revenue collected from the first month—January—less, specifically, administrative costs, will be distributed as benefits to the qualified beneficiaries. The amount of benefits will be determined simply by dividing the available revenue—after administrative costs—by the number of primary beneficiaries plus the number of primary beneficiaries represented by the secondary beneficiaries—with each primary beneficiary receiving the resulting sum and each secondary beneficiary receiving his appropriate fraction thereof.

As of the first of the eighth month the revenue from the second month would be so distributed; and, thereafter, as of the first of every month the revenue collected from the sixth preceding month would be so distributed as benefits.

Thus, as the tax rate matures and as beneficiaries qualify, the program will ease into full effect in between 1½ and 2 years of its effective date.

Statistical studies show that as of the 7th through the 12th month, the first benefits under this program would amount to between $60 and $70 per month. Then, based on the advancing tax rate described above, benefits would progressively increase to averages of twice that amount.

H.R. 4000 provides that benefits under old-age and survivors and disability insurance will continue to be paid to whatever extent they might be greater than benefits provided by the Townsend plan, and to whatever extent OASDI benefits so continue to be paid they shall be paid out of the OASDI reserve funds.

However, since the average benefit to retired workers under OASDI is less than $70 a month—and since dependents' and survivors' benefits are but fractions of the workers' primary benefits—it is obvious that the greater part of present beneficiaries will almost immediately be absorbed under the Townsend plan. As this new program matures, under the full 2-percent rate of the gross income tax, there can be no doubt whatsoever that all benefits under the present program would be absorbed.

Nobody can seriously doubt that the $23 billion reserves of the present system are far more than adequate to finance the benefit load incumbent upon them under this bill during this period of transition to this new program.

Let me repeat, at no time will any beneficiary of the present system ever lose 1 penny of any benefit because of the adoption of H.R. 4000; and all will end up incomparably better off than they will ever be under the present system.

The benefit-coverage provided by H.R. 4000 certainly takes account of all who can possibly qualify under the present programs under title II of the Social Security Act; and it takes under its coverage those few elements still excluded under the present programs. It is, indeed, very hard to imagine persons who will be able to qualify under present programs who will not qualify under the Townsend plan. Whatever possible cases there may be are obviously so few and infrequent that they will not constitute anything of such magnitude as to be classed as a problem.

The Townsend program, once operating under the full support of the 2-percent rate of the gross income tax—as indicated by statistics on the population, the distribution of income, and the volume of business in the United States—will provide primary benefits of $130 to $150 a month. This level of benefits, under the coverage provided for in the Townsend bill, will involve a revenue of at least $2.5 billion a month. The immediate question becomes this: How can so large a number of beneficiaries at these benefit-levels be justified? In other words, the immediate question to be settled is that raised by those who are forever denouncing anything that is going to cost money. Obviously, this is a program the financial features of which really raise their dander. However, the answer is not difficult to set forth.

The first fact is a simple one: As of 1956, the group aged 65 and over lacked by just about one-half an equal share of income as compared with younger adults—aged 25 through 64. They endured this lack—about 20 percent of them having no income whatsoever from any source—despite all the programs presently in force under the social security system as it is, despite all other public and private programs, despite the expanded rates of savings and investment that recent times of unprecedented prosperity have afforded.

The answer is that less than the Townsend plan will not fill the gap, will not eliminate the economic inferiority of the aged. Less will not secure the future of the younger people from the fate of economic deterioration when they reach old age and so forth.

So, it comes down simply to this: Is the solution of the social security problem a beneficial thing to our society or not? If it is a beneficial thing to do, then it is worth the price. The Townsend program is simply the only one ever designed and put forth actually to eliminate, fully solve this problem. If the problem is ever to be solved in any other way than through the Townsend plan, it will have to be by providing the same standard of benefits for the same number and classes of people as are provided for under the 1959 Townsend plan bill. That is all there is to it, in reality. Either the problem is a valid one and should be solved, or it should not.

To those who say the financial magnitude of the problem has been overestimated, I say that economic sufficiency and independence should be the final reward in life for the people of the United States; that this requires two things: First, that retired people, retired in this context of social security benefits, be not subjected to an income level that involves poverty, insufficiency in terms of the actual, general standards of the times; and, second, that as an overall group retired people should enjoy an up-to-date share in income and living standards as compared to those enjoyed by younger adult people. Less than this constitutes inferiority, lack of freedom and independence, curtailment of the ability to participate fully in the social, economic life of the day—injustice, in short. The Townsend plan is calculated on the basis of those convictions and standards.

Now, if somebody feels, in their own view, that less than this is really an answer, let them state how much they believe should be the share of the aged. On this basis the whole matter can be settled; but, the burden of proof is theirs. The Townsend bill alone is based upon the square question: How much should an old-age pension be? The Townsend bill provides the ways and means of providing that pension—whatever it should be.

Since it is self-evident that whatever the final decision of Congress turns out to be as to what an old-age pension ought to provide for, there still remains the unassailable truth—"It will require just as much money to be raised for just as many people under any other plan as under the Townsend plan." Therefore, the whole question reverts back to the primary one: Is the genuine solution of the social security problem desirable or not?

To those who feel that it is desirable, we present the Townsend plan, embodying the defined ways and means of solving it. To those who do not wish its solution we say: "It is time you frankly said so." This is the essence of H.R. 4000, the Townsend bill.

SENATE

FRIDAY, FEBRUARY 6, 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, in the hush of this hallowed moment, may all earth's strident voices be stilled, that Thine alone may be heard ere clamoring duties lead us back to the demanding, crowded way.

Save us from the pride of self-will, from enfeebling errors of judgment, from the blindness of prejudice, from vagueness of purpose, from the discouragement of temporary failure, and from lacking a compelling sense of urgency in these days of destiny.

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

THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, February 5, 1959, was dispensed with.

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

EXECUTIVE SESSION

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

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

EXECUTIVE REPORT OF A COMMITTEE

The following favorable report of nominations was submitted:

By Mr. MAGNUSON, from the Committee on Interstate and Foreign Commerce:

Jack W. Kinney, Jr., and sundry other persons, for permanent appointment in the Coast and Geodetic Survey.

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

DEPARTMENT OF AGRICULTURE AND BOARD OF DIRECTORS, COMMODITY CREDIT CORPORATION

The Chief Clerk read the nomination of Clarence Ludlow Miller, of Kentucky, to be Assistant Secretary of Agriculture and to be also a member of the Board of Directors of the Commodity Credit Corporation.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

DEPARTMENT OF DEFENSE

The Chief Clerk read the nomination of Herbert Frank York, of California, to be Director of Defense Research Engineering.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

THE ARMY

The Chief Clerk proceeded to read sundry nominations in the Army.

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

The PRESIDENT pro tempore. Without objection, the nominations in the Army will be considered en bloc; and, without objection, they are confirmed.

THE NAVY

The Chief Clerk proceeded to read sundry nominations in the Navy.

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

The PRESIDENT pro tempore. Without objection, the nominations in the Navy will be considered en bloc; and, without objection, they are confirmed.

THE MARINE CORPS

The Chief Clerk read the nomination of Edward A. Montgomery to be brigadier general in the Marine Corps.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

THE REGULAR AIR FORCE

The Chief Clerk proceeded to read sundry nominations in the Regular Air Force.

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

The PRESIDENT pro tempore. Without objection, the nominations in the Regular Air Force will be considered en bloc; and, without objection, they are confirmed.

NOMINATIONS FAVORABLY REPORTED AND PLACED ON THE VICE PRESIDENT'S DESK

The Chief Clerk proceeded to read sundry nominations in the Air Force, the Navy, and the Marine Corps, which had been favorably reported, and had been placed on the Vice President's desk, without being printed in the Executive Calendar.

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

The PRESIDENT pro tempore. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.