utmost to strive for an ever larger measure of friendship and understanding between our two countries.

"WILLIAM M. ROUNTREE,
"Assistant Secretary."

[From the New York Times, Feb. 17, 1959]

The city bade a fond farewell yesterday to Sirdar Jagjit Singh, Indian's unofficial ambassador, who has been supporting the cause of his homeland in New York for the last 33 years.

Mr. Singh—"sirdar" is a Sikh honorific roughly equivalent to "captain"—was the guest of honor at a luncheon at the Waldorf-Astoria Hotel sponsored by Mayor Wagner and paid for by the Indian League of America. Mr. Singh is its president. He is leaving for retirement in New Delhi on March 8.

Mr. Singh, or "J. J." as he is known, received a scroll from Mayor Wagner citing him for distinguished and exceptional service to the city.

The citation noted that Mr. Singh "has accomplished so much in furthering mutual friendship and understanding between the people of India, his native land, and the people of the United States, his adopted land for 33 years."

Representative EMANUEL CELLER, Brooklyn Democrat and chairman of the House Foreign Relations Committee, praised his old friend for his efforts at United States-Indian understanding even during dark periods.

Mr. Singh, who said that he considered himself a New Yorker, promised that he would tell his people "about the greatness, kindness and decency of the American people."

[From the New York Herald Tribune, Feb. 17, 1959]

THE UNOFFICIAL AMBASSADOR

Many friends of India will be saddened by the news that, after 22 years of promoting friendship and understanding between our two countries, the India League of America is being disbanded and its president, J. J. Singh, is taking his family back to India.

The league's membership has never been large, but its work, largely carried on through Mr. Singh's personal diplomacy and his tireless lobbying and letterwriting, has, in a quiet way, helped considerably to bring about a greater American understanding of the vastly important but long mysterious giant of the East.

The fact that Mr. Singh's departure has signaled the dissolution of the league is an eloquent measure of his personal contribution to it. The league hopes that another organization (Mr. Singh suggests the Asia Society) will carry on its work. As for unofficial ambassador Singh himself, whose return to India after 33 years here is prompted by family considerations, his enthusiasm remains undimmed, and it perhaps is not too much to hope that he will be as effective an interpreter of the United States to his countrymen as he has been an interpreter of India to Americans.

[From the New York Times, February 18, 1959]

AN UNOFFICIAL ENVOY

In giving a farewell luncheon for J. J. Singh, Mayor Wagner has recognized the distinguished part that this unofficial envoy from India has played in the life of our community. We hope that it is not farewell but merely au revoir, and that J. J.—as he is affectionately known to thousands of Americans—will come back to visit soon and often.

After 33 years in this country Mr. Singh has decided to take his charming family back to his native India and to retire there. No one who knows him can accept the idea of his retiring without the broadest reservation. He will continue to work on behalf of his country and on behalf of better understanding between India and the United States. Perhaps he may even form an America League in India, since he was the life and soul of the India League here for 20 years and as he leaves the India League has disbanded, saying "mission accomplished."

He has been singularly successful in presenting the cause of his people to this country. One reason is that he has understood and liked Americans and made them like him. His ubanity, good humor, common sense, and patriotic devotion have endeared him to everyone who had reason to know him.

J. J. Singh has been an honor to India and a most pleasant vistor here. More like him would do us all good.

SENATE

THURSDAY, FEBRUARY 26, 1959

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

Our Father, in all the bewilderment of the world's fiery strife, our burdened hearts seek the quiet sanctuary of Thy healing presence.

In these sacred weeks of meditation and introspection over which is the shadow of a waiting cross, grant us the grace to heed the summons to spiritual discipline, to the development of inner strength, and to the nurture of the flowering plants of reverence and of a childlike trust.

Thou only art our strong tower and sure defense amid the flood of mortal ills prevailing. Though the host of a pagan cult encamp against us, in this will we be confident: Thou makest the devices of the wicked of none effect; for the counsel of the Lord standeth forever, the thought of His loving heart to all generations.

O Master Divine, in all the strife of these dark days, keep our hearts with Thee. Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Monday, February 23, 1959, was dispensed with.

MESSAGES FROM THE PRESIDENT

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

REPORT ON PARTICIPATION IN INTERNATIONAL ATOMIC ENERGY AGENCY—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 85)

The PRESIDENT pro tempore laid before the Senate the following message from the President of the United States, which, with the accompanying report, was referred to the Joint Committee on Atomic Energy:

To the Congress of the United States:

I transmit herewith, pursuant to the International Atomic Energy Agency Participation Act, the first annual report covering the U.S. participation in the International Atomic Energy Agency for the year 1957, in addition to the U.S. participation in the Agency's Preparatory Commission, which functioned from October 26, 1956, to October 1, 1957.

I do so with great satisfaction because the establishment of the International Atomic Energy Agency resulted from this Government's initiative in 1953 in calling for an international cooperative program to bring the incalculable benefits of the peaceful uses of atomic energy to all mankind and to prevent the diversion of fissionable material from peaceful to destructive purposes.

The work of the Preparatory Commission and the initial activities of the Agency itself were necessarily concerned with administrative problems. These included organization and recruitment of staff; initial financing and the scale of contributions; and establishing appropriate relations with the United Nations and other international organizations concerned with the peaceful uses of atomic energy. In addition, it was necessary to outline a meaningful and realistic program for the Agency to undertake in its early years.

Despite the need to concentrate on initial organizational matters, the Agency made considerable progress, during the few months of 1957 that it was in existence, in developing its substantive program through the creation of a fellowship and scholarship fund and initial consideration of offers of fissionable materials.

Since substantial progress was made toward completing the organizational phase of the Agency's activities in 1957, it was anticipated that increasing attention would be given in 1958 to matters involving the Agency's program.

The first Director General of the Agency is Mr. W. Sterling Cole, formerly a distinguished Member of the Congress, who relinquished his seat in the House of Representatives to assume the responsible position of chief administrative officer of the Agency. The United States remains pledged to make every effort to assist the Agency in achieving its high purpose.

DWIGHT D. EISENHOWER.
THE WHITE HOUSE, *February 25, 1959.*

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, notified the Senate that, pursuant to the provisions of section 6, Public Law 754, 81st Congress, the Speaker had appointed Mr. STAGGERS, of West Virginia, and Mr. MERROW, of New Hampshire, as members of the Federal Records Council, on the part of the House.

The message also notified the Senate that, pursuant to the provisions of section 601, Public Law 250, 77th Congress, the Speaker had appointed Mr. SIMPSON of Pennsylvania as a member of the

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

Committee To Investigate Nonessential Federal Expenditures, on the part of the House, to fill the existing vacancy thereon.

The message announced that the House had agreed to the concurrent resolution (S. Con. Res. 5) to print additional copies of a committee print entitled "Briefing on the Investment Act."

The message also announced that the House had passed a joint resolution (H.J. Res. 198) to provide for the reappointment of Robert V. Fleming as citizen regent of the Board of Regents of the Smithsonian Institution, in which it requested the concurrence of the Senate.

The message further announced that the House had agreed to the following concurrent resolutions, in which it requested the concurrence of the Senate:

H. Con. Res. 64. Concurrent resolution authorizing the printing of additional copies of House Document No. 234, 84th Congress, entitled "The Prayer Room in the U.S. Capitol"; and

H. Con. Res. 75. Concurrent resolution authorizing the printing of additional copies of committee print entitled "Title 38, United States Code, Veterans' Benefits."

HOUSE JOINT RESOLUTION REFERRED

The joint resolution (H.J. Res. 198) to provide for the reappointment of Robert V. Fleming as citizen regent of the Board of Regents of the Smithsonian Institution was read twice by its title and referred to the Committee on Rules and Administration.

HOUSE CONCURRENT RESOLUTIONS REFERRED

The following concurrent resolutions were referred to the Committee on Rules and Administration:

H. Con. Res. 64. Concurrent resolution authorizing the printing of additional copies of House Document No. 234, 84th Congress, entitled "The Prayer Room in the U.S. Capitol":

"Resolved by the House of Representatives (the Senate concurring), That there be printed fifty-four thousand two hundred additional copies of House Document Numbered 234, Eigty-fourth Congress, first session, entitled 'The Prayer Room in the United States Capitol', of which forty-four thousand one hundred copies shall be for the use of the House of Representatives and ten thousand one hundred copies for the use of the Senate."

H. Con. Res. 75. Concurrent resolution authorizing the printing of additional copies of committee print entitled "Title 38, United States Code, Veterans' Benefits":

"Resolved by the House of Representatives (the Senate concurring), That there shall be printed for the use of the Committee on Veterans' Affairs three thousand five hundred additional copies of committee print entitled "Title 38, United States Code, Veterans' Benefits'."

TRANSACTION OF ROUTINE BUSINESS

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

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

FILING OF REPORT BY SPECIAL COMMITTEE ON SPACE AND ASTRONAUTICS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Special Committee on Space and Astronautics have until March 15, 1959, to file its report to the Senate.

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

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the Subcommittee on Production and Stabilization of the Committee on Banking and Currency; and the Subcommittee on Education of the Committee on Labor and Public Welfare, were authorized to meet during the session of the Senate today.

On request of Mr. DIRKSEN, and by unanimous consent, the Monopoly and Antitrust Subcommittee of the Committee on the Judiciary was authorized to meet during the session of the Senate today.

ORDER FOR ADJOURNMENT TO MONDAY

Mr. DIRKSEN. Mr. President, I ask unanimous consent that when the Senate concludes its proceedings today, it stand in adjournment until Monday next at 12 o'clock noon.

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

EXECUTIVE COMMUNICATIONS, ETC.

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

REPORT ON CONTRACTS FOR EXPERIMENTAL OR RESEARCH WORK

A letter from the Administrator, National Aeronautics and Space Administration, Washington, D.C., transmitting, pursuant to law, a report covering the contracts negotiated by the National Aeronautics and Space Administration and its predecessor, the National Advisory Committee for Aeronautics, during the period July 1, 1958, to December 31, 1958 (with an accompany report); to the Committee on Aeronautical and Space Sciences.

PLANS FOR WORKS OF IMPROVEMENT IN KANSAS, NEBRASKA, MISSISSIPPI, OHIO, AND OKLAHOMA

A letter from the Acting Director, Bureau of the Budget, Executive Office of the President, transmitting, pursuant to law, plans for works of improvement on Walnut Creek, Kans. and Nebr.; Gray's Creek, Miss.; upper Wabash, Ohio; and Salt Creek, Okla. (with accompanying papers); to the Committee on Agriculture and Forestry.

AMENDMENT OF SECTION 508(b) OF FEDERAL CROP INSURANCE ACT

A letter from the Secretary of Agriculture, transmitting a draft of proposed legislation to amend section 508(b) of the Federal Crop Insurance Act, as amended (7 U.S.C. 1508) (with an accompanying paper); to the Committee on Agriculture and Forestry.

AWARD OF CERTAIN DEGREES AND CREDITS

A letter from the Acting Secretary of Defense, transmitting a draft of proposed legislation to authorize the Commandant of the Judge Advocate General's School to award appropriate degrees and credits (with an accompanying paper); to the Committee on Armed Services.

REPORT ON NAVAL ROTC FLIGHT TRAINING PROGRAM

A letter from the Assistant Secretary of the Navy, reporting, pursuant to law, on the progress in the Department of the Navy of the ROTC training program; to the Committee on Armed Services.

REPORT ON RESEARCH AND DEVELOPMENT PROCUREMENT ACTIONS

A letter from the Assistant Chief of Naval Material (Procurement), transmitting, pursuant to law, a report on research and development procurement actions of $50,000 and over, covering the period July 1 through December 31, 1958 (with an accompanying report); to the Committee on Armed Services.

REPORT ON WORKING CAPITAL FUNDS, DEPARTMENT OF DEFENSE

A letter from the Acting Secretary of Defense, transmitting, pursuant to law, a report setting forth the financial condition of working capital funds of the Department of Defense, as of June 30, 1958, and the results of their operation for the fiscal year ended June 30, 1958 (with an accompanying report); to the Committee on Armed Services.

NOTICE OF PROPOSED DISPOSITION OF PYRETHRUM EXTRACT

A letter from the Administrator, General Services Administration, Washington, D.C., transmitting, pursuant to law, a copy of a notice to be published in the Federal Register of a proposed disposition of 66,000 pounds of pyrethrum (20 percent) extract now held in the national stockpile (wtih an accompanying paper); to the Committee on Armed Services.

REPORT ON ESTIMATED OBLIGATIONS OF SMALL BUSINESS ADMINISTRATION

A letter from the Administrator, Small Business Administration, Washington, D.C., transmitting, pursuant to law, a report reflecting estimated obligations by principal activities of that Administration, for the period July 1 through December 31, 1958 (with an accompanying report); to the Committee on Banking and Currency.

REPORT ON RECONSTRUCTION FINANCE CORPORATION LIQUIDATION FUND

A letter from the Secretary of the Treasury, transmitting, pursuant to law, a report on the Reconstruction Finance Corporation Liquidation Fund—Treasury Department Activities, for the period ended December 31, 1958 (with an accompanying report); to the Committee on Banking and Currency.

REPORT ON EXPORT CONTROL

A letter from the Secretary of Commerce, transmitting, pursuant to law, a report on export control, for the fourth quarter of 1958 (with an accompanying report); to the Committee on Banking and Currency.

NOMINATION OF FRANCIS F. HEALY

A letter from the President, Board of Commissioners, District of Columbia, transmitting the nomination of Francis F. Healy for reappointment as a member of the District of Columbia Redevelopment Land Agency (with an accompanying paper); to the Committee on the District of Columbia.

REPORT ON STATE OF THE FINANCES

A letter from the Secretary of the Treasury, transmitting, pursuant to law, his report on

the state of the finances, for the fiscal year ended June 30, 1958 (with an accompanying report); to the Committee on Finance.

INCREASE OF DUTY-FREE ALLOWANCE FOR ARTICLES ACQUIRED ABROAD

A letter from the Secretary of Commerce, transmitting a draft of proposed legislation to increase the duty-free allowance for articles acquired abroad by residents of the United States (with accompanying papers); to the Committee on Finance.

EXTENSION OF CERTAIN PRIVILEGES AND IMMUNITIES TO JUDGES OF INTERNATIONAL COURT OF JUSTICE

A letter from the Acting Secretary of State, transmitting a draft of proposed legislation to extend certain privileges and immunities to judges of the International Court of Justice (with an accompanying paper); to the Committee on Foreign Relations.

AUDIT REPORT ON CUSTODIANSHIP FUNCTIONS, OFFICE OF TREASURER OF THE UNITED STATES

A letter from the Comptroller General of the United States, transmitting, pursuant to law, an audit report on the custodianship functions, Office of the Treasurer of the United States, Treasury Department, fiscal year 1957 (with an accompanying report); to the Committee on Government Operations.

AUDIT REPORT ON REVOLVING FUND OPERATIONS, CORPS OF ENGINEERS, DEPARTMENT OF THE ARMY

A letter from the Comptroller General of the United States, transmitting, pursuant to law, an audit report on revolving fund operations, Corps of Engineers (Civil Functions), Department of the Army, for the period July 1, 1953, through June 30, 1958 (with an accompanying report); to the Committee on Government Operations.

REPORT ON FEASIBILITY OF CONSOLIDATING SUBMARINE SUPPLY OFFICE WITH SHIPS PARTS CONTROL CENTER

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on the feasibility of consolidating the Submarine Supply Office with the Ships Parts Control Center, Department of the Navy, dated February 1959 (with an accompanying report); to the Committee on Government Operations.

AUDIT REPORT ON BURLEY AND FLUE-CURED TOBACCO PROGRAMS

A letter from the Comptroller General of the United States, transmitting, pursuant to law, an audit report on burley and fluecured tobacco price support and agricultural adjustment programs in North Carolina and Tennessee, and review of warehouse tobacco sales in Kentucky, Commodity Stabilization Service, Department of Agriculture, 1956–57 (with an accompanying report); to the Committee on Government Operations.

REPORT OF EXAMINATION OF PRICING OF CERTAIN LANDING GEARS PURCHASED BY DEPARTMENT OF THE AIR FORCE

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on the examination of the pricing of landing gears purchased from Menasco Manufacturing Co., Burbank, Calif., by the Department of the Air Force prime contractors, dated February 1959 (with an accompanying report); to the Committee on Government Operations.

LEASING OF BUILDINGS FOR USE OF NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

A letter from the Administrator, National Aeronautics and Space Administration, Washington, D.C., transmitting a draft of proposed legislation to authorize contracts for the leasing of buildings in the District of Columbia for the use of the National Aeronautics and Space Administration (with an accompany paper); to the Committee on Government Operations.

REVISION OF BOUNDARIES OF WRIGHT BROTHERS NATIONAL MEMORIAL, NORTH CAROLINA

A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to revise the boundaries of Wright Brothers National Memorial, North Carolina, and for other purposes (with an accompanying paper); to the Committee on Interior and Insular Affairs.

REPORT OF ANTHRACITE MINE-WATER CONTROL PROGRAM

A letter from the Secretary of the Interior, transmitting, pursuant to law, a report on the anthracite mine-water control program, 1958 (with an accompanying report); to the Committee on Interior and Insular Affairs.

ASSISTANCE TO KLAMATH INDIANS

A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to authorize the use of the revolving loan fund for Indians to assist Klamath Indians during the period for terminating Federal supervision (with an accompanying paper); to the Committee on Interior and Insular Affairs.

DONATION OF CERTAIN FEDERAL PROPERTY IN STATE OF NEW MEXICO

A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to donate to the Pueblo of Isleta certain Federal property in the State of New Mexico (with an accompanying paper); to the Committee of Interior and Insular Affairs.

REPORT OF FEDERAL TRADE COMMISSION

A letter from the Chairman, Federal Trade Commission, Washington, D.C., transmitting, pursuant to law, a report of that Commission, covering its accomplishments during the fiscal year ended June 30, 1958 (with an accompanying report); to the Committee on Interstate and Foreign Commerce.

SUSPENSION OF DEPORTATION OF ALIENS—WITHDRAWAL OF NAMES

Two letters from the Commissioner, Immigration and Naturalization Service, Department of Justice, withdrawing the names of certain aliens from reports relating to aliens whose deportation has been suspended; to the Committee on the Judiciary.

REPORT OF PROCEEDINGS OF ANNUAL MEETING OF JUDICIAL CONFERENCE OF THE UNITED STATES

A letter from the Chief Justice, Supreme Court of the United States, Washington, D.C., transmitting, pursuant to law, a report of the proceedings of the regular annual meeting of the Judicial Conference of the United States, held at Washington, D.C., September 17–19, 1958 (with an accompanying report); to the Committee on the Judiciary.

AUDIT REPORT FOR RESERVE OFFICERS ASSOCIATION

A letter from the executive director, Reserve Officers Association of the United States, Washington, D.C., transmitting, pursuant to law, the audit report of March 31, 1958, for that association (with an accompanying report); to the Committee on the Judiciary.

AMENDMENT OF FAIR LABOR STANDARDS ACT OF 1938, RELATING TO REVIEW OF MINIMUM WAGE RECOMMENDATIONS

A letter from the Secretary of Labor, transmitting a draft of proposed legislation to amend the Fair Labor Standards Act of 1938, as amended, to provide for review by the Secretary of Labor of the minimum wage recommendations of industry committees (with accompanying papers); to the Committee on Labor and Public Welfare.

REPORT OF U.S. COMMISSIONER OF EDUCATION

A letter from the Secretary of Health, Education, and Welfare, transmitting, pursuant to law, a report of the U.S. Commissioner of Education on the administration of Public Laws 874 and 815, 81st Congress, as amended, including a detailed statement of receipts and disbursements, for the fiscal year ended June 30, 1958 (with an accompanying report); to the Committee on Labor and Public Welfare.

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

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

APPROPRIATIONS FOR ATOMIC ENERGY COMMISSION

A letter from the Chairman, Atomic Energy Commission, Washington, D.C., transmitting a draft of proposed legislation to authorize appropriations for the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes (with an accompanying paper); to the Joint Committee on Atomic Energy.

A letter, dated February 18, 1959, from the Special Assistant to the General Manager (congressional), Atomic Energy Commission, Washington, D.C., relating to letter of February 17, 1959, by the Chairman of the Atomic Energy Commission transmitting proposed legislation for authorization of appropriations for fiscal year 1960, and requesting that the aforesaid be replaced with the enclosures in this letter (with an accompanying paper); to the Joint Committee on Atomic Energy.

PETITIONS AND MEMORIALS

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

By the PRESIDENT pro tempore:

Two joint resolutions of the Legislature of the State of Montana; to the Committee on Armed Services:

"HOUSE JOINT MEMORIAL 9

"Joint memorial of the Senate and the House of Representatives of the State of Montana to the President of the United States; to the Congress of the United States; to the Secretary of Defense and the Department of Defense; to the Honorable U.S. Senators JAMES E. MURRAY and MIKE MANSFIELD; and to the honorable Representatives in Congress LEE METCALF and LEROY ANDERSON; requesting that the Department of Defense activate and utilize the facilities of Fort Missoula at Missoula, Mont., as a regular Army post, or if such is not presently possible, to keep said post intact, maintained, and under consideration for future use

"Whereas the United States of America formerly established a military reservation in Missoula County, Mont., which was legally denominated Fort Missoula; and

"Whereas Fort Missoula is one of the finest small Army posts in the Nation and the only remaining fort in this State it should not be allowed to stand idle and go to ruin as has occurred at times during the past; and

"Whereas the citizens of Missoula, through John Bonner, E. E. Hershey, and the Missoula Chamber of Commerce, have heretofore donated substantial areas of land to the United States for the reservation at Fort Missoula; and

"Whereas after many land disposals since 1942 the main reservation still consists of approximately 500 acres plus a large firing range and a timber tract both being administered by another department of the Government; and

"Whereas as a branch of Camp Hanford, Wash., little use is being made of the facilities which include permanent type buildings with a capacity of approximately 500 officers and men; and

"Whereas prior to last year when Montana Headquarters (U.S. Army Reserve) was transferred to Fort Lawton, Wash., most of the buildings had been renovated and roads, lawns, and walks replaced or repaired; and

"Whereas considering current budegtary restrictions governing the Department of the Army, this fine old post, the last in Montana, located in one of our country's more favorable climates and scenic valleys and favored by the citizens and Army personnel alike, might well be active: Now, therefore, be it

"Resolved, That the 36th Legislative Assembly of the State of Montana of 1959, the senate and the house of representatives concurring, memorializes the President of the United States, the Department of Defense and the Secretary thereof, that Fort Missoula, at Missoula, Mont., be activated and utilized by some regular unit of the United States armed services as rapidly as possible, and that if this be not presently possible, the said Fort Missoula be kept intact, maintained and seriously considered for future uses; be it further

"Resolved, That copies of this memorial be submitted by Frank Murray, the secretary of state of the State of Montana, to each of the individuals and departments named in the title of this memorial.

"JOHN J. MACDONALD,
"Speaker of the House.
"PAUL CANNON,
"President of the Senate."

"HOUSE JOINT MEMORIAL 10

"Joint memorial of the House of Representatives and the Senate of the State of Montana to the Congress of the United States; to the Honorable JAMES E. MURRAY and the Honorable MIKE MANSFIELD, Senators from the State of Montana; the Honorable LEE METCALF and the Honorable LEROY ANDERSON, Representatives in Congress from the State of Montana; and to the Committee on Military Affairs, Washington, D.C., urging that the Congress of the United States enact legislation granting pensions to World War I veterans as heretofore done for the Spanish-American veterans and veterans of other prior wars of the United States

"We, your memorialists, the 36th Legislative Assembly of the State of Montana, in legislative session assembled, most respectfully represent as follows:

"Whereas the national policy of the United States of America has been to honor the veterans of the wars of the United States by granting assistance to them in their declining years, by pensions, all in consideration of their military services in defense of our country; and

"Whereas the veterans of World War I of the United States have attained an average of approximately 65 years; and

"Whereas there has been no general pension granted to veterans of World War I by the United States; and

"Whereas the United States has been and is aiding many foreign countries in restoring their economy and otherwise; and

"Whereas such aid has not only been and is being extended to our former cobelligerents, but also to nations with which we formerly were at war; and

"Whereas a grateful nation should reward, as heretofore, its defenders who served here and abroad for a mere pittance of pay, and lost the opportunity to profit by the expanded economy due to war, but sacrified their professions and jobs: Now, therefore, be it

"Resolved by the House of Representatives of the State of Montana (the senate jointly concurring therein), That it is urged that the Congress of the United States of America enact legislation granting pensions to World War I veterans as heretofore for the Spanish-American veterans and the veterans of other prior wars of the United States; and be it further

"Resolved, That copies of this memorial be sent to the President of the United States, the President of the Senate of the United States, and the Speaker of the House of Representatives of the United States, and to each of the members of the Montana delegation in the Congress of the United States.

"JOHN J. MACDONALD,
"Speaker of the House.
"PAUL CANNON,
"President of the Senate."

Two joint resolutions of the Legislature of the State of Montana; to the Committee on Interstate and Foreign Commerce:

"HOUSE JOINT MEMORIAL 1

"Joint memorial of the House of Representatives and Senate of the State of Montana to the Congress of the United States; the Honorable JAMES E. MURRAY and the Honorable MIKE MANSFIELD, Senators from the State of Montana; the Honorable LEE METCALF and the Honorable LEROY ANDERSON, Representatives from the State of Montana; and to the Committees on Interstate and Foreign Commerce of the House of Representatives and the Senate of the United States, urging such remedial action, through Congress' authority over the Federal Communications Commission, as will insure continued operation of the free television stations in Montana; regulating companies who transmit signals to feed cable systems from outside the State of Montana; and to insure the continued operation of low power VHF booster stations, to the end that the people of Montana shall not be denied the advantageous services of a Montana system of free television broadcasting

"Whereas almost, if not all, people in communities and farm areas within the State of Montana depend upon Montana free television stations and upon low power VHF booster stations as their only means of receiving television programs; and,

"Whereas the rugged terrain of the Rocky Mountain region makes it impossible for Montana stations to reach many hundreds of small Montana communities and 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 to receive cable service from one of the so-called CATV systems and impossible for the areas to support, construct or operate any other form of duly authorized television service except the free television stations and VHF boosters working in tandem; and,

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

"Whereas if the present policies of the Federal Communications Commission are permitted to continue, as pointed out in the report of the U.S. Senate Committee on Interstate and Foreign Commerce issued December 26, 1958, there soon may not be any free television stations remaining in the States of Montana, Wyoming, and other large western areas to wit:

"The undesirable economic, cultural, political, and other consequences of making Montana and northern Idaho tributary to Spokane, southern Idaho dependent upon Salt Lake City, and Wyoming and western Nebraska mere adjuncts to Denver should be so clear as to require no elaboration—as well as similar possibilities with respect to Nevada, parts of Texas, the Dakotas, and possibly other areas; and

"Whereas, the free television station at Helena has ceased operations as of February 1; the free television station at Missoula has, by sworn testimony, sustained losses exceeding $140,000; and the free television stations at Butte and Great Falls distinctly are menaced; the possibility of a blanked out free television State, due to Federal Communications Commission policies, may be closer than we think; and

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

"Whereas the Federal Communications Commission did, on December 31, 1958, make formal announcement of its dismissal of petitions for reconsideration; and

"Whereas the question of regulation of the CATV systems has been before the Federal Communications Commission since 1951, (see December 26, 1958, report of the U.S. Senate Committee on Interstate and Foreign Commerce) and the Federal Communications Commission still refuses to take action; and

"Whereas the Federal Communications Commission did also announce on December 31, 1958, that all VHF booster stations would be getting a period of 90 days in which to apply for conversion to ultra-high frequency (UHF) 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 State of Montana (the senate concurring herein), That this general assembly hereby memorializes the Congress of the United States for such remedial action within such period as the Congress deems fit, through the exercise of its authority over the Federal Communications Commission, to insure the continued operation of the free television stations in Montana, and the regulation of companies who transmit signals to feed cable systems from outside the State of Montana, and the continued operation of low power VHF booster stations, to the end that the people of the State of Montana shall not be denied their basic right to have access to the informational, educational, inspirational, cultural and entertainment service of a Montana 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; to the Senators and Congressmen representing the State of Montana in the Congress of the United States, and to the chairman and members of the Committees on Interstate and Foreign Commerce of the House of Representatives and the Senate of the United States.

"JOHN J. MACDONALD,
"Speaker of the House.
"PAUL CANNON,
"President of the Senate."

"SENATE JOINT MEMORIAL 1

"Joint memorial by the Senate of the 36th Legislative Assembly of the State of Montana (the house of representatives concurring), to the Congress of the United States; the Honorable JAMES E. MURRAY, U.S. Senator from Montana; the Honorable MIKE MANSFIELD, U.S. Senator from Montana; the Honorable LEE METCALF, Congressman from Montana; the Honorable LEROY ANDERSON, Congressman from Montana; and the Federal Communications Commission to take such remedial action as deemed necessary to preclude the closing of very high frequency booster stations necessary for television reception in areas of the State of Montana

"Whereas there are many communities and farm areas within the State of Montana, whose people depend upon low power very

high frequency stations as their only means of receiving television programs; and

"Whereas the rugged terrain of the Rocky Mountain region and the large number of isolated farm homes, ranch homes, and small communities 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 service; and

"Whereas the loss of low power very high frequency booster stations would deprive not less that one-fourth of the people of Montana of television service; and

"Whereas there is ample proof that low power very high frequency booster stations can be regulated so as to preclude interference with licensed television services or commercial and military communications and navigation 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 very high frequency 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 the Honorable J. Hugo Aronson, Governor of Montana; the Honorable James E. Murray, U.S. Senator from Montana; the Honorable Mike Mansfield, U.S. Senator from Montana; the Honorable Lee Metcalf, Congressman from Montana, and the Honorable LeRoy Anderson, Congressman from Montana, 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 to 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 Senate of the 36th Legislative Assembly of the State of Montana (the house of representatives concurring), That the senate of the State of Montana (the house of representatives concurring), hereby memorialize the Federal Communications Commission to rescind its order of December 31, 1958, and 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 very high frequency booster stations, to the end that the people in the small communities and rural areas of the State of Montana shall not be denied their basic right to equality of access to the informational, educational, inspirational, cultural, and entertainment services of the American system of free television; and be it further

"Resolved, That copies of this joint memorial of the 36th Legislative Assembly of the State of Montana, be transmitted by the secretary of state of the State of Montana; to the President of the Senate of the United States; the Speaker of the House of Representatives of the United States; the Honorable James E. Murray, U.S. Senator from Montana; the Honorable Mike Mansfield, U.S. Senator from Montana; the Honorable Lee Metcalf, Congressman from Montana; the Honorable LeRoy Anderson, Congressman from Montana; and Mr. John C. Doerfer, Chairman of the Federal Communications Commission.

"PAUL CANNON,
"President of the Senate.
"JOHN J. MACDONALD,
"Speaker of the House."

A joint resolution of the Legislature of the State of Montana; to the Committee on Public Works:

"HOUSE JOINT MEMORIAL 3

"Joint memorial of the Senate and House of Representatives of the State of Montana to the President of the United States, Dwight D. Eisenhower; the Congress of the United States; James E. Murray and Mike Mansfield, Senators from the State of Montana; Lee Metcalf and LeRoy Anderson, Representatives in Congress from the State of Montana; the Committee on Public Works of the U.S. Senate; the Committee on Public Works of the U.S. House of Representatives; the Committee on Appropriations of the U.S. Senate; the Committee on Appropriations of the U.S. House of Representatives; the Secretary of the Army, Wilber M. Brucker; the Chief of the Corps of Engineers, Department of the Army, Maj. Gen. E. C. Itschner; and the Director of the Budget, Maurice H. Stans; urging construction of Libby Dam in two stages, with work beginning on the initial stage as soon as possible in order to protect the national interest in water and water resources rising in the United States; and requesting sufficient appropriations so that detailed planning and design work can begin immediately

"Whereas Libby Dam site is located in Lincoln County in western Montana and Libby Dam will be constructed across the Kootenai River some 15 miles upstream from Libby, Mont.; and

"Whereas preliminary geological and engineering investigation and planning of the Libby Dam project have been carefully completed and the findings compiled; and

"Whereas Libby Dam, the biggest storage project remaining to be built in the Pacific Northwest, will be designed to provide flood control, hydroelectric power, recreation, and navigation benefits to Montana, the Pacific Northwest, and the Nation; and

"Whereas the Libby project's tremendous storage of water—5,985,000 acre-feet—would provide valuable flood control for several hundred miles along the Kootenai and Columbia Rivers and also would substantially aid flood control and navigation on the Columbia River below Pasco, Wash.; and

"Whereas Libby Dam will have an initial installed electric generating capacity of 600,000 kilowatts, an ultimate installation of 800,000 kilowatts of power, which Montana and the Northwest need to bring in new industry; and

"Whereas Libby Dam storage would also firm up power production in the projects downstream on the Columbia River; would provide a regulated streamflow which would add 805,000 kilowatts to the production at Grand Coulee, Chief Joseph, McNary, the Dalles, and Bonneville Dams; and

"Whereas no other proposed single dam on the Columbia River system would provide for generation of as much salable power at site and downstream; and

"Whereas the rapidly increasing population of the Pacific Northwest and the Nation places upon this generation a special responsibility for the maximum utilization of all the great natural resources bestowed upon this country by divine providence; and

"Whereas any lesser development of the Libby Dam site would result in great loss of storage capacity and both at-site and downstream power benefits, which can create thousands of jobs urgently needed to provide for our burgeoning population and the future defense and welfare of our region and the Nation; and

"Whereas the Pacific Northwest is isolated from the major population centers of the Nation by great distances and high freight rates and must rely upon the full development of its own natural resources in providing for its future growth and economic welfare; and

"Whereas hydroelectric power is the only truly inexhaustible energy resource available to a civilization whose entire future growth and economic strength will be increasingly dependent upon the provision of adequate supplies of electric energy; and

"Whereas the industrial development of Montana and the entire Pacific Northwest will be greatly enhanced by the large amounts of low-cost power made available by the full development of the potential of the Libby Dam site; and

"Whereas the people of the State of Montana have seen in the examples of Hungry Horse Dam on the south fork of the Flathead River in their State and many other dams in the Pacific Northwest the immense benefits which accrue as a direct result of the construction of such great projects, not only to the State in which they are constructed but also to the entire region and the Nation; and

"Whereas revenues from the sale of power from Libby Dam represent the most feasible source of funds to aid in the rapid construction and the maintenance of major future irrigation projects in the State of Montana, which developments can provide homes for any farm families which may be displaced by the construction of Libby Dam; and

"Whereas large amounts of storage are required in the Columbia River and Clark Fork River Basins to provide adequate protection against the seasonal floods which periodically cause great loss of life and the destruction of millions of dollars' worth of property, causing great hardship throughout the Pacific Northwest; and

"Whereas many of the large storage projects planned by the Army Engineers for the control of floods in the Columbia River Basin have been and are being lost due to conflicting uses and inadequate development, so that it is seriously doubtful that even the minimum flood control storage requirements of the region can be met; and

"Whereas Libby Dam, with 5,985,000 acre-feet of usable storage in its reservoir is one of the few remaining great storage projects still feasible and not involved in serious controversy in the Columbia River Basin and can provide more usable flood control storage than a combination of all the other feasible potential projects in the Clark Fork River Basin; and

"Whereas Libby Dam, as planned and authorized, must have the approval of the International Joint Commission; and

"Whereas the International Joint Commission has for years been unable to reach agreement on the project and says it will not give approval until the Canadian Government's investigation of alternative uses of the Kootenai waters in Canada has been completed; and

"Whereas one of the Canadian proposals is to divert part of the Kootenai River flow into the Columbia River at Canal Flats, in order to generate additional power at sites in Canada; and

"Whereas such a diversion would materially reduce the amount of water available for storage and generation at the proposed Libby site, and could reduce the amount to the point where Libby dam would be unfeasible; and

"Whereas in order to protect Montana's and the national interest in water and water resources rising in the United States, in order to provide for at least partial flood control and storage: Now, therefore, be it

"Resolved by the Senate and House of Representatives of the State of Montana, That the Representatives of the State of Montana in the Congress of the United

States be urged and requested to introduce and the Congress of the United States be urged and requested to enact into law an amendment to the existing authorization of the Libby project, necessary to provide for construction in two stages, the first backing water up to the international boundary, the second to be added when agreement is reached with Canada: be it further

"Resolved, That the Congress of the United States be urged to provide sufficient appropriations so that detailed planning and design work for two-stage construction can begin immediately and that construction can begin as soon as design work is completed; be it further

"Resolved, That the amendment include reservation of a block of power for Montana; be it further

"Resolved, That this assembly request the Congress, in making appropriations for the construction of the Libby project, to define the compensations that shall be received from the Government of the United States by the county of Lincoln and by affected cities and school districts in said county for extraordinary expenses resulting from expanded services required in the fields of school and hospital facilities, health and sanitation, and police protection incidental to the construction of said projects; and to provide all necessary funds and take all needed action to insure the construction of all transportation and other facilities needed to provide opportunity equal to that now existing of access to mines, to forests in Federal, State, and private ownership, and to manufacturing and refining plants, to the end that the present steady and continuous employment of Montana people depending upon forests and mines for their livelihood will not be adversely affected; and, be it further

"Resolved, That copies of this memorial be submitted by the secretary of the State of Montana to each of the individuals and to the chairmen of each of the committees named in the title of this memorial and also to the Presiding Officers of both Houses of the Congress of the United States RICHARD M. NIXON, and SAM E. RAYBURN.

"JOHN J. MACDONALD,
"Speaker of the House.
"PAUL CANNON,
"President of the Senate."

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

"SENATE JOINT MEMORIAL 3

"Joint resolution memorializing the Congress of the United States to enact legislation to bring the State of Colorado under the provisions of section 218(d)(6)(C) of the Federal Social Security Act

"Whereas the Federal Social Security Act, old-age and survivors insurance, provides in section 218(d)(6)(C), which is 42 U.S.C.A. 418(d)(6)(C), for several States to maintain established retirement systems in which members under retirement systems established may remain under such existing coverage or may choose to be included in a division of systems which would include both a State retirement system and coverage under the old-age, survivors, and disability insurance program of the Federal Social Security Act, which provision now reads:

" 'For the purposes of this subsection, any retirement system established by the States of California, Connecticut, Florida, Georgia, Massachusetts, Minnesota, New York, North Dakota, Pennsylvania, Rhode Island, Tennessee, Vermont, Washington, Wisconsin, or the Territory of Hawaii, or any political subdivision of any such State or Territory, which, on, before, or after the date of enactment of this subparagraph, is divided into two divisions or parts, one of which is composed of positions of members of such system who desire coverage under an agreement under this section and the other of which is composed of positions of members of such system who do not desire such coverage, shall, if the State or Territory so desires and if it is provided that there shall be included in such division or part composed of members desiring such coverage the positions of individuals who become members of such system after such coverage is extended, be deemed to be a separate retirement system with respect to each such division or part.'; and

"Whereas the Colorado Legislative Council has had a special committee, established by Senate Joint Resolution 6, 2d regular session of the 41st General Assembly of the State of Colorado, which will shortly report to this general assembly upon the feasibility of Colorado so amending its retirement plans for employees of the State and its political subdivisions in order to have the choice between existing retirement plans and coverage in a new plan, to include Federal social-security coverage on the basis of the division of the retirement system or coverage into two divisions or parts; and

"Whereas such division of plans in Colorado will be in the best interests of the employees covered, the administrators of the several retirement systems affected, and the State and its political subdivisions, only if the Congress of the United States will provide by amendment to section 218(d)(6)(C) of the Federal Social Security Act, the addition of the State of Colorado to the several States now covered by such section; and

"Whereas benefits available under the Federal act as they relate to the division of systems in Colorado will be available through agreements with the Federal Government under section 218(f)(1)(C) of the Federal Social Security Act, which is 42 U.S.C.A. 418(f)(1)(C), only until December 31, 1959: Now, therefore, be it

"Resolved by the Senate of the 42d General Assembly of the State of Colorado (the House of Representatives concurring herein), That it respectfully memorializes the Congress of the United States to amend the Federal Social Security Act so as to bring the State of Colorado under the provisions of section 218(d)(6)(C) thereof at the earliest possible time and preferably before March 15, 1959; 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, for their appropriate action.

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

A joint resolution of the Legislature of the State of Colorado; to the Committee on Interior and Insular Affairs:

"SENATE JOINT MEMORIAL 4

"Joint resolution memorializing the Congress of the United States for the establishment of a Great Plains research laboratory in the Great Plains area

"Whereas the area known as the Great Plains in the States of Montana, Wyoming, North Dakota, South Dakota, Kansas, Nebraska, Colorado, Oklahoma, Texas, and New Mexico is vital to the agricultural and livestock production of the Nation; and

"Whereas there are vast acreages of land in these ten States which in periods of extensive drought are subject to severe wind and water erosion; and

"Whereas there is great need for additional intensive research relative to the conservation and maximum use of available moisture and other matters concerning land treatment, use and control of lands which easily erode in periods of drought and wind: Now, therefore, be it

"Resolved by the Senate of the 42d General Assembly of the State of Colorado (the House of Representatives concurring therein), That this general assembly wishes to express its interest and concern to the Congress of the United States and the Secretary of Agriculture in the establishment of additional facilities to conduct soil moisture research studies for the Great Plains, that such facilities be authorized in the immediate future in a location which will most adequately adapt itself to the required climatic and other physical and geographic conditions required for such an installation; and be it further

"Resolved, That a copy of this memorial be sent to the President of the United States, to the President of the Senate and the Speaker of the House of Representatives of the Congress of the United States, to the Senators and Congressmen representing the State of Colorado in the Congress of the United States, to the Secretary of Agriculture, and to the director of agricultural research service.

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

A resolution of the Senate of the State of Maryland; to the Committee on Finance:

"SENATE RESOLUTION 8

"Resolution opposing any increase in the Federal gasoline tax

"Many thousands of citizens in the State of Maryland have heard, with deep concern, the apparently serious proposal from Federal officials that the Federal gasoline tax be increased by an additional amount of 1½ cents per gallon.

"The Federal Interstate Highway System is being largely financed by a Federal tax on motor fuel. This program is now only 3 years old. It was adopted after extensive hearings and wide study and publicity, with the general public understanding that as proposed and as presented to the people of the country, it would be a self-sufficient program.

"Now, however, after this very short interval, there are definite proposals for an increase in the Federal gasoline tax. We wonder at the necessity for such a rapid change in what we understood were careful and conservative estimates on the cost of this program. The taxpayers of the country had a right to expect that there would not be a proposal for a huge increase in the cost of financing the Interstate Highway program just a few years after that program was initiated. Seemingly, this program, like all other projects, goes upward and upward at the continuing expense of sorely pressed taxpayers.

"We point out also a further encroachment by the Federal Government upon a source of taxation traditionally reserved largely for the States. In recent years, the Federal Government has made proposals that some Federal functions be returned to the several States. The President of the United States, a year or two ago in his address to the conference of State Governors meeting at Williamsburg, Va., made such a proposal. Steps have been taken on the part of the Governor's conference to implement and give substance to the

President's proposals. Now, with Federal officials actively proposing this large increase in the Federal gasoline tax, the entire philosophy aimed at deemphasizing Federal activities and restoring the States to their traditional place, may collapse.

"We earnestly hope that officials and legislators in the Federal Government will reconsider any move to increase the Federal gasoline tax: Now, therefore, be it

"Resolved by the Senate of Maryland, That, on behalf of the people of this State, we protest the proposal for a 1½ cents per gallon increase in the Federal gasoline tax; and be it further

"Resolved, That the secretary of the senate be instructed to send copies of this resolution to the Vice President of the United States as Presiding Officer in the Senate of the United States, the Speaker of the House of Representatives of the United States, each member of the Maryland delegation in the Congress of the United States, and to the Federal Bureau of Public Roads.

"By the senate, February 4, 1959.

"Read and adopted.

"J. WATERS PARRISH,
"Secretary of the Senate.
"GEORGE W. DELLA,
"President of the Senate."

A resolution of the House of Delegates of the State of Maryland; to the Committee on Armed Services:

"HOUSE RESOLUTION 4

"Resolution urging that the U.S. Naval Gun Factory continue operation as engineering center for the Bureau of Ordnance and that the same be modernized and expanded and its name be changed to reflect its current responsibilities

"Whereas the trend in development, engineering, and manufacture of naval ordnance has resulted in a concentrated effort directed to advanced weapons and weapons systems; and

"Whereas the U.S. Naval Gun Factory is an essential and indispensable part of the naval ordnance defense establishment; and

"Whereas there is no other naval ordnance field establishment or private defense contractor capable of displaying the diversification in engineering, scientific, and industrial skills; and

"Whereas there is no other naval ordnance field establishment or private defense contractor capable of displaying the diversification in physical plant and industrial equipment; and

"Whereas there is no comparable naval ordnance field establishment or private defense contractor having the broad technical competence and diversified experience in the conception, engineering development, design, prototype manufacturing evaluation and product engineering of weapons and weapons systems equivalent to the Naval Gun Factory; and

"Whereas the Naval Gun Factory is the only naval ordnance establishment having the comprehensive technical competence and industrial ability in the field of structural fabrications, an area of vital importance in the development and manufacture of advanced weapons and weapons systems; and

"Whereas the Naval Gun Factory has a complete complement of technical skills in the basic fields of the physical sciences and engineering (physics, chemistry, metallurgy, materials, electrical, electronics, mechanical, structure) and superior technical abilities in optics, fire control, hydraulics, engineering management and contract administration supplemented by designers, draftsmen, technicians, engineering aids, technical writers and editors; and

"Whereas the Naval Gun Factory has complete complement of industrial skills in metals processing, fabricating, metals finishing, electroplating, heat treating, molding, casting, forging, electronics, plastics; and

"Whereas the Naval Gun Factory has provided consulting services to nationally recognized corporations in the field of design, materials, and fabrication techniques taking the form of analyses, critiques, and advice in order to support programs in which these contractors are involved, thus facilitating the Navy Department's progress in varied projects; and

"Whereas it is believed that overall operational costs in the Naval Gun Factory are not in excess of those found in comparable industry operating under similar fiscal procedures; and

"Whereas the Naval Gun Factory has displayed outstanding proficiency in contributing to the progress of development of new scientific, engineering, industrial, and related techniques necessary for flexibility in conforming to the everchanging weapons and weapons systems concept; and

"Whereas the citizens of Prince Georges County, and in fact the people of the entire State of Maryland, are vitally affected in the premises aforementioned: Now, therefore, be it

"Resolved by the House of Delegates of Maryland, That a change of name be effected for the Naval Gun Factory that more realistically reflects the establishment's current responsibility such as Naval Ordnance Development Center or Naval Weapons Engineering Center; and be it further

"Resolved, That the Navy Department provide the Naval Gun Factory with a definite mission based on vital engineering functions in lieu of the outmoded weapons and product concepts in order to continue the Naval Gun Factory as an essential link in the chain of national defense; and be it further

"Resolved, That the Naval Gun Factory continue to operate as an engineering center for the Bureau of Ordnance to maintain surveillance and provide adequate contract administration and field engineering service to contractors engaged in the fabrication of defense weapons and weapons systems, in order to prevent the Navy Department from relinquishing control over defense projects; and be it further

"Resolved, That the Navy Department Bureau of Ordnance provide adequate support for the Naval Gun Factory relating to continued modernization of physical plant, installation of necessary equipment, more favorable consideration of N.G.F. proposals for the developmental and prototype manufacture of ordnance weapons and weapons systems, in order to insure Navy Department efficiency, and reduce costs in completion of defense projects; and be it further

"Resolved, That the Navy Department Bureau of Ordnance take cognizance of the potential capabilities and capacities of the Naval Gun Factory as an essential establishment for the defense of the Nation and thereby provide an adequate engineering and manufacturing workload in order to utilize the experience and versatility existing in this naval ordnance field establishment; and be it further

"Resolved, That the chief clerk of the house of delegates be instructed to send copies of this resolution to the President of the United States, Vice President of the United States, Secretary of Defense, Rear Adm. Paul D. Stroup, Chief of Navy Bureau of Ordnance; Vice Adm. Edward W. Clexton, Bureau of Ordnance, O.N.M.; Rear Adm. T. A. Ahroon, Chief of Planning, Bureau of Ordnance; Capt. Charles E. Briner, Superintendent, U.S. Naval Gun Factory; and all of the members of the congressional Armed Services Committee.

"By the House of Delegates, January 20, 1959.

"Read and adopted.

"By order "ELIZABETH M. REESE,
Assistant Chief Clerk.
"PERRY O. WILKINSON,
"Speaker of the House of Delegates.

———— ————,
"Chief Clerk of the House of Delegates."

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

"RESOLUTION 1

"Concurrent resolution memorializing the Congress of the United States to enact legislation providing for the repeal of the Federal excise tax upon the transportation of passengers

"Whereas the Federal excise tax upon the transportation of passengers was adopted as a wartime tax to discourage the movement of civilian passengers during World War II; and

"Whereas today, 13 years after the cessation of hostilities, there continues a 10-percent levy on the transportation of passengers (title VI, sec. 609(a) United States Code), which tax while collected by the common carriers of transportation by rail, by highway, by water, and in the air, is imposed upon and collected from the users of such transportation; and

"Whereas millions of dollars in revenues are paid to the State of Minnesota by those common carriers; and

"Whereas the 10-percent tax on transportation of passengers discourages the use of public transportation systems and tends to decrease the revenue of the State and local government by reason of the lesser earnings or volume of business of said public system of transportation; and

"Whereas there exists ample facilities for the public transportation of persons throughout the State of Minnesota and the Nation and the purpose for which said tax was imposed has long since ceased to exist; and

"Whereas the decrease in revenue by reason of the small amount received for said excise tax on the transportation of passengers will largely be made up by the increased income taxes paid by the passengers of common carriers and other excise taxes paid on the facilities and equipment used by said common carriers: Now, therefore, be it

"Resolved, by the Senate of the State of Minnesota (the House of Representatives concurring therein), That we respectfully urge and request the Congress of the United States to enact appropriate legislation to repeal the Federal excise taxes upon the transportation of persons; be it further

"Resolved, That the secretary of state of the State of Minnesota be directed to transmit a copy of this resolution to the President of the United States, the Vice President of the United States, the Speaker of the House of Representatives of the Congress of the United States, and to each member of the Minnesota delegation in the U.S. Senate and the U.S. House of Representatives.

"KARL F. ROLVAAG,
"President of the Senate.
"E. J. CHILGREN,
"Speaker of the House of Representatives.

"Passed the senate the 6th day of February 1959.

"H. Y. TORREY,
"Secretary of the Senate.

"Passed the house of representatives the 16th day of February 1959.

"G. H. LEAHY,
"Chief Clerk, House of Representatives.

"Approved February 19, 1959.

"ORVILLE L. FREEMAN.
"Governor of the State of Minnesota.

"Filed February 20, 1959.

"JOSEPH L. DONOVAN,
"Secretary of State."

A resolution of the House of Representatives of the State of Pennsylvania; to the Committee on Public Works:

"Whereas the Tennessee Valley Authority (TVA) is seriously jeopardizing American recovery from the recession by awarding sizable contracts to foreign concerns; and

"Whereas our immediate concern is the loss of a multi-million-dollar turbogenerator contract to the C. A. Parsons Co., of England, while the Westinghouse Electric Corp., East Pittsburgh, Pa., was the lowest domestic bidder; and

"Whereas the importation of this electrical apparatus will result in the loss of more than 1 million man-hours of work for the Westinghouse Electric Corp. employees which is comparable to work for 700 employees for 1 year or 350 employees for 2 years; and

"Whereas there will also result a loss of direct and indirect taxes in the amount of $3,255,500 Federal and $363,300 State; and

"Whereas during 11 months of 1958 the Federal Government awarded $30,530,114 in heavy electrical apparatus contracts and foreign manufacturers were awarded 35 percent or $10,711,070; and

"Whereas we believe that, in addition to the effect this policy has on our economy, it is a reckless and hazardous policy for the security of our Nation, as this equipment will now be dependent on a foreign company, from across the ocean, for maintenance and repair; and

"Whereas the Government of England stands steadfast in its policy that no equipment as referred to herein shall be purchased by English concerns from a foreign country because of national security; and

"Whereas we believe the Government should look beyond the price alone and evaluate the health of our own economy and the soundness of our national defense: Therefore be it

"Resolved, That the House of Representatives of the Commonwealth of Pennsylvania hereby memorialize the President of the United States and the Congress of the United States to establish a congressional committee to investigate the policies of the Tennessee Valley Authority so that further loss of employment in the United States, at a time when employment is now of grave concern, will be avoided; and be it further

"Resolved, That copies of this resolution be transmitted to the President of the United States, the Presiding Officers of each House of Congress of the United States, and to each Senator and Representative from the Commonwealth of Pennsylvania.

"We certify that the foregoing is a true and correct copy of the resolution introduced in the house of representatives by the Honorable John J. Murray, the Honorable George E. Jenkins, the Honorable Maurice H. Goldstein, the Honorable Joseph P. Rigby, the Honorable Thomas J. Foerster, and the Honorable Raymond E. Wilt, and adopted by the house of representatives the 17th day of February 1959.

"HIRAM G. ANDREWS,
"Speaker, House of Representatives.
"J. MINSHY,
"Chief Clerk, House of Representatives."

A resolution of the Senate of the State of Missouri; to the Committee on Interior and Insular Affairs:

"SENATE RESOLUTION 33

"Resolution memorializing the Congress of the United States to establish a national recreational area on the Current and Eleven Point Rivers as proposed by the National Park Service and the U.S. Forest Service and to declare the Current and Eleven Point Rivers national streams and to provide for the acquisition of the necessary land without exercising the power of eminent domain

"Whereas there exists, in the valleys of the Current and Eleven Point Rivers in Missouri, five springs of the first magnitude and many hundreds of smaller springs which provide a constant supply of clear, cold, sparkling water for these rivers; and

"Whereas the phenomenon of such large volumes of clear, cold water issuing as springs amid rustic and picturesque surroundings, make places of wonder and rare natural beauty, which offer a lure and inspiration to those who come to view these extraordinary manifestations of nature, and to play, rest, and to refresh themselves in a peaceful and inspiring environment; and

"Whereas these springs make a valuable contribution to fish life in these streams by providing favorable sites for fish hatcheries, and by discharging large quantities of crystal clear water, they become the controlling factor favorable to the propagation and maintenance of game fish and other aquatic life natural to both streams; and

"Whereas the State of Missouri and the U.S. Forest Service own vast acreage adjacent to these streams suitable for recreational development and other improvements for the public use; and

"Whereas the Current and Eleven Point Rivers are nationally famous for their "John Boat" float fishing trips through this Ozark scenic wonderland; and

"Whereas the Arkansas-White-Red Basins Interagency Committee, recognizing the unique natural qualities of the Current and Eleven Point Rivers of Missouri, and their importance to present and future generations, recommended that appropriate State and Federal agencies prepare a plan to preserve and enhance the natural qualities of this region; and

"Whereas a plan was prepared by the National Park Service in cooperation with Missouri State agencies, and was published by the Division of Resources and Development, to preserve and develop the Current and Eleven Point River country, without the exercise of the power of eminent domain; and

"Whereas the U.S. Forest Service has indicated a similar interest in the preservation and development of land adjacent to these streams by recommending the creation of a national forest recreation area in a national recreation plan prepared and adopted in 1936: Now, therefore, be it

"Resolved, That the Missouri Senate in its 70th General Assembly, request of the Congress of the United States, that it establish a national recreation area along the Current and Eleven Point Rivers of Missouri, and that it declare the Current and Eleven Point Rivers as national streams; and be it further

"Resolved, That this assembly request that the Congress enact the necessary legislation providing for the purchase and development of the national recreation area as heretofore described, lest the great scenic and recreational values of the Current and Eleven Point Rivers in Missouri be lost forever to public use by manmade encroachments; and be it further

"Resolved, That the secretary of the senate be instructed to send copies of this memorial to the President of the United States Senate, to the Speaker of the United States House of Representatives, and to the Missouri Members of the House and Senate.

"(As appearing in Missouri Senate Journal, 12th day, Feb. 3, 1959.)"

A concurrent resolution of the Legislature of the State of North Dakota; to the Committee on Appropriations:

"HOUSE CONCURRENT RESOLUTION E

"Concurrent resolution memorializing Congress to provide additional funds for the construction of nursing homes

"Whereas there is an existing backlog of unmet needs in the provision of nursing homes in the State of North Dakota and the Nation; and

"Whereas the shortage will become more acute because of the aging population of this State and Nation; and

"Whereas appropriations by Congress for this purpose have been limited and the rising costs in the construction of nursing homes has even further restricted the program of construction of such homes: Now, therefore, be it

"Resolved by the House of Representatives of the State of North Dakota (the Senate concurring therein), That the Congress be urged to increase appropriations for expenditure in accordance with the provisions of Public Law 482, 83d Congress, 2d session, for the purpose of providing an expanded program of nursing home construction; and be it further

"Resolved, That copies of this resolution be forwarded by the secretary of state to members of the North Dakota congressional delegation, the President of the U.S. Senate, the Speaker of the U.S. House of Representatives, the Surgeon General of the Department of the U.S. Public Health Service, and the Secretary of the Department of Health, Education, and Welfare.

"HJALMAR NYGAARD,
"Speaker of the House.
"GERALD L. STAIR,
"Chief Clerk of the House.
"C. P. DAHL,
"President of the Senate.
"VIC GILBREATH,
"Secretary of the Senate."

A concurrent resolution of the Legislature of the State of Arkansas (with an accompanying paper); to the Committee on the Judiciary:

"SENATE CONCURRENT RESOLUTION 5

"Whereas the federation of the United States of America is predicated upon the common ideal of government of the people, by the people, and for the people; and

"Whereas certain powers of the people were delegated to the Federal Government by the Constitution of the United States, and by virtue of amendment 10 to the Constitution of the United States those powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people; and

"Whereas plenary control over public education has long been exercised by the various State governments, and

"Whereas recent encroachments upon this State function precipitates preemption by the Federal Government of another power of self-government recognized as inherent in the people: Now, therefore, be it

"Resolved by the Senate of the 62d General Assembly of the State of Arkansas (the House of Representatives concurring therein)—

"SECTION 1. That the General Assembly of the State of Arkansas, pursuant to article 5 of the Constitution of the United States, hereby petitions the Congress of the United States to propose an amendment to the Constitution of the United States which expressly reserves to the citizens of the several States exclusive power and control over their public schools.

"SEC. 2. That the secretary of state of Arkansas, upon adoption of this resolution, shall furnish copies of the same to the President of the Senate and to the Speaker of the House of Representatives of the U.S. Congress, to the presiding officers of the senate and house of representatives of each of the other 48 States, and to the members of the Arkansas delegation in the U.S. Congress.

"Approved February 13, 1959."

"STATEMENT OF GOV. ORVAL E. FAUBUS, FEBRUARY 13, 1959, TO BE ATTACHED TO SENATE CONCURRENT RESOLUTION 5

"I am hereby approving senate concurrent resolution 5, which would 'petition the Congress to propose an amendment to the U.S. Constitution expressly reserving to the citizens of the several States exclusive power and control over the public schools.'

"I have done this because I believe the intent of the authors and of the legislature in

approving this measure was to reassert the intent already affirmed in the Constitution of certain rights guaranteed to the States, but now being denied by acts of the Federal judiciary and of the Federal Government.

"Amendment 9 to the Constitution now provides that the enumeration of certain rights in the Constitution shall not be construed to deny others retained by the people.

"Furthermore, amendment 10 in the Bill of Rights provides as follows:

" 'The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States, respectively, or to the people.'

"At no place in the Constitution has any power whatsoever been granted to the Federal Government to control or interfere in any way with the right of the States and their people to control and manage their own schools.

"I am of the conviction that our Constitution, as it now reads, firmly and expressly reserves the control and management of the public schools to the States themselves.

"It is, therefore, my conclusion that such an amendment to the Constitution is unnecessary, and that all that is necessary at the present time is the proper observance by the Federal authorities of the Constitution as now written.

"However, because it is clear to me that the reassertion of these rights was the intent of the authors of this resolution, and the intent of the members of the general assembly, I have approved senate concurrent resolution 5.

"ORVAL E. FAUBUS,
"Governor."

A letter, in the nature of a petition, from the Republican Central Committee of St. Louis County, Clayton, Mo., signed by Betty Balcher, secretary, expressing support of the President's budget; to the Committee on Appropriations.

A resolution adopted by the Kern Valley Property Owners and Taxpayers Association, of Isabella, Calif., relating to grants-in-aid programs, and so forth; to the Committee on Government Operations.

A resolution adopted by the Citizens Forum of Columbia Heights, opposing the enactment of legislation granting statehood for Hawaii; to the Committee on Interior and Insular Affairs.

A resolution adopted by the Township Committee of the Township of Gloucester, N.J., favoring the enactment of legislation to provide funds for the building of a superpassenger ship; to the Committee on Interstate and Foreign Commerce.

A resolution adopted by Frank Summerfield Post No. 3363, Veterans of Foreign Wars, United States, Lisbon, N. Dak., favoring the establishment of a Senate Veterans Committee; to the Committee on Rules and Administration.

By Mr. LANGER:

A concurrent resolution of the Legislature of the State of North Dakota; to the Committee on Agriculture and Forestry:

"HOUSE CONCURRENT RESOLUTION F

"Concurrent resolution memorializing the Secretary of Agriculture to reestablish a local testing program for grains that are subject to an application for a Federal loan

"Whereas it has long been the practice of the Agricultural Stabilization Committee to permit local elevator operators to test grain for moisture content and grading purposes prior to the approval of a loan thereon by the Agricultural Stabilization Committee; and

"Whereas such policies have now been changed to require that such testing and grading be carried on at one central station; and

"Whereas such central testing practices result in a delay of from 3 to 6 weeks in the approval of loans with a resultant inconvenience and often hardship to the owners of the grain who are seeking a loan thereon from the Agricultural Stabilization Committee: Now, therefore, be it

"Resolved by the House of Representatives of the State of North Dakota (the Senate concurring therein), That the Secretary of Agriculture is hereby urged to discontinue the central testing system now in existence, and that the Agricultural Stabilization Committee accept the results of tests carried on by local elevator operators for the purpose of approving processing and approving applications for grain loans from the Agricultural Stabilization Committee; and be it further

"Resolved, That copies of this resolution be forwarded by the Secretary of State to the Secretary of Agriculture and each member of the North Dakota congressional delegation.

"HJALMAR C. NYGAARD,
"Speaker of the House.
"GERALD L. STAIR,
"Chief Clerk of the House.
"C. P. DAHL,
"President of the Senate.
"VIC GILBREATH,
"Secretary of the Senate."

A concurrent resolution of the Legislature of the State of North Dakota; to the Committee on Interior and Insular Affairs:

"HOUSE CONCURRENT RESOLUTION H

"Concurrent resolution endorsing and approving the Bureau of Reclamation project plan report on the Garrison division unit and supporting and urging early enactment of desirable and needed modifying and confirming legislation authorizing the construction thereof

"Whereas the Garrison diversion unit, Garrison division, Missouri River Basin project, located in North Dakota (and a small segment in South Dakota) was in general authorized by the Flood Control Act of 1944, and when developed will:

"1. Enhance the future economic welfare and prosperity of the people of the State, particularly those within the project area;

"2. Provide for the eventual irrigation of over 1 million acres of land periodically subjected to drought which will result in a more diversified and stabilized agriculture in a large region of North Dakota;

"3. Replenish and restore the depleted waters of several lakes, rivers, and streams, and augment the levels and flows therein; and

"4. Make available within affected areas water diverted from the Missouri River for irrigation, domestic, municipal and industrial needs, production of hydroelectric power, recreation, fish and wildlife, and other public beneficial uses; and

"Whereas the construction of the Garrison diversion unit will result in a greatly expanded and more dependable agricultural and business economy in North Dakota, which will result in an accelerated population growth and increased prosperity in the area; and

"Whereas the investigations and studies by the Bureau of Reclamation indicate that the project is economically feasible and the Bureau advises that it is in a position to initiate construction thereof as soon as appropriate modifying legislation now pending in Congress has been enacted and funds made available; and

"Whereas the farmers in the project areas and all North Dakotans have shown a definite interest in and demand for the early construction and development of the Garrison diversion unit: Now, therefore, be it

"Resolved by the House of Representatives of the State of North Dakota (the Senate concurring therein), That the 36th Legislative Assembly of the State of North Dakota favors and approves the Garrison diversion unit, and respectfully urges the appropriate committees of Congress to schedule hearings at the earliest date possible on S. 147, H.R. 1891 and H.R. 1963 to make certain provisions in connection with the authorization and construction of said unit, to the end that construction thereof may be undertaken as soon as possible; and be it further

"Resolved, That copies hereof be mailed by the secretary of state to Hon. James E. Murray, chairman, Senate Committee on Interior and Insular Affairs; Hon. Wayne N. Aspinall, chairman, House Committee on Interior and Insular Affairs; Senators William Langer and Milton R. Young, Representatives Quentin N. Burdick and Don L. Short; Hon. Fred A. Seaton, Secretary of the Interior; Hon. Fred G. Aandahl, Assistant Secretary of the Interior; and Hon. W. A. Dexheimer, Commissioner, Bureau of Reclamation.

"HJALMAR NYGAARD,
"Speaker of the House.
"GEARLD L. STAIR,
"Chief Clerk of the House.
"C. P. DAHL,
"President of the Senate.
"VIC GILBREATH,
"Secretary of the Senate."

A concurrent resolution of the Legislature of the State of North Dakota; to the Committee on Public Works:

"HOUSE CONCURRENT RESOLUTION G

"Concurrent resolution favoring the early construction of the proposed Pembilier Dam and Reservoir project and urging the Corps of Engineers to expedite the completion of a favorable report thereon

"Whereas the proposed Pembilier Dam and Reservoir project on the Pembina River, near Walhalla, N. Dak., has been under restudy, reexamination, and review by the district engineer, St. Paul district, Corps of Engineers, U.S. Army, for a number of years, with a view of finding a more favorable benefit-to-cost ratio to better justify recommendations for its accomplishments; and

"Whereas the resulting reservoir would insure a municipal and industrial water supply adequate to care for present needs and insure a supply for developments in the immediate future; and

"Whereas there appears to be potential irrigable areas of up to 25,000 acres, or more, susceptible of development in connection with such project, and there are additional benefits, both direct and indirect, which have not been, but should be, considered in the evaluation thereof, all of which would substantially improve and increase the economic feasibility of the project: Now, therefore, be it

"Resolved by the House of Representatives of the State of North Dakota (the Senate concurring therein), That the 36th Legislative Assembly of the State of North Dakota favors the early construction of the Pembilier Dam and Reservoir project for flood control, domestic, municipal, industrial, and agricultural water supplies, power, recreation, fish and wildlife, and other uses, and urges the Corps of Engineers to expedite the development and completion of a favorable benefit-cost report thereon to the end that congressional approval thereof may be sought in the next flood control bill; and be it further

"Resolved, That copies hereof be mailed by the secretary of state to the President of the Senate, the Speaker of the House of Representatives, the chairmen of the Committees on Public Works, the Chief of Engineers, the St. Paul district engineer, and to Senators WILLIAM LANGER and MILTON R. YOUNG, and Representatives DON L. SHORT and QUENTIN BURDICK.

"HJALMAR NYGAARD,
"Speaker of the House.
"GERALD L. STAIR,
"Chief Clerk of the House.
"C. P. DAHL,
"President of the Senate.
"VIC GILBREATH,
"Secretary of the Senate."

(The PRESIDENT pro tempore laid before the Senate a concurrent resolution of the Legislature of the State of North Dakota identical with the foregoing, which was referred to the Committee on Public Works.)

By Mr. McGEE (for himself and Mr. O'MAHONEY):

Two joint resolutions of the Legislature of the State of Wyoming; to the Committee on Interior and Insular Affairs:

"SENATE JOINT MEMORIAL 5

"A joint memorial memorializing the Congress of the United States of America with reference to the opposition of the people of the State of Wyoming to the construction of the Snake River Narrows Reservoir in the State of Wyoming

"Whereas construction of the Snake River Narrows Reservoir would cut off Highways 26 and 89 which presently serve both tourists and the residents of Wyoming and on which several millions of dollars have been spent in the last 20 years, and would also cut off Highways 187 and 189 so that no traffic could travel from Yellowstone and Teton National Parks to southwest Wyoming; and

"Whereas two winter feeding grouds for elk and other wild game would be inundated by the construction, with migration routes blocked, spelling doom for one-fourth of the renowned Jackson elk herd; and

"Whereas the historical recreational advantages and desirable fishing in this area would be seriously curtailed; and

"Whereas the purpose of the dam would be the production of kilowatts of power, which power in like or larger amounts could be produced by steam and will probably eventually be produced by atomic power; and

"Whereas there is an alternate and equally feasible site for the proposed dam outside the Snake River Narrows in the State of Wyoming: Now, therefore, be it

"Resolved by the Senate of the 35th Legislature of the State of Wyoming (the House of Representatives of such legislature concurring), That the President and the Congress of the United States of America be and they are hereby memorialized to recognize the opposition of the people of the State of Wyoming to the construction of the Snake River Narrows Reservoir by taking appropriate action in not providing funds for the construction of this dam in the State of Wyoming; be it further

"Resolved, That certified copies hereof be transmitted promptly to U.S. Senator JOSEPH C. O'MAHONEY, U.S. Senator GALE W. McGEE, and Representative in Congress KEITH THOMSON.

"NORMAN BARLOW,
"President of the Senate.
"JAY R. HOUSE,
"Speaker of the House.

"Approved February 11, 1959:
"J. J. 'JOE' HICKEY,
"Governor."

ENROLLED JOINT MEMORIAL 5

"Joint memorial memorializing the Congress of the United States of America with reference to providing for an increase in the acreage of sugar beet production allowed to the farmers of the State of Wyoming

"Whereas new irrigable acres of Wyoming farmland are now available for the State's farmers through the completion of Federal reclamation programs and small water projects; and

Whereas these irrigable acres are especially well adapted to the raising of sugar beets, by virtue of soil and weather conditions; and

"Whereas increased production of sugar beets is an integral part of the expanding Wyoming agricultural economy; and

"Whereas each year more residents of the State of Wyoming are desirous of establishing farms to produce sugar beets as a major crop; and

"Whereas the United States does not presently produce enough sugar to satisfy the domestic requirements of the increasing population: Now, therefore, be it

"Resolved by the Senate of the 35th Legislature of the State of Wyoming (the House of Representatives of such legislature concurring), That the President and Congress of the United States of America be and they are hereby memorialized to take such action as may be necessary to provide additional acreage for the production of sugar beets in the State of Wyoming: Be it further

"Resolved, That certified copies hereof be transmitted promptly to U.S. Senator JOSEPH C. O'MAHONEY, U.S. Senator GALE W. McGEE, and Representative in Congress KEITH THOMSON.

"NORMAN BARLOW,
"President of the Senate.
"JAY R. HOUSE,
"Speaker of the House.

"Approved February 14, 1959:
"J. J. 'JOE' HICKEY,
"Governor."

By Mr. BENNETT:

A concurrent resolution of the Legislature of the State of Utah; to the Committee on Interior and Insular Affairs:

"SENATE CONCURRENT RESOLUTION 1

"Concurrent resolution memorializing the Congress and the President of the United States to safeguard and preserve established State and individual rights to the use of water within the separate States

"Be it resolved by the Legislature of the State of Utah (the Governor concurring therein)—

"Whereas recent decisions from the Federal courts and recent rulings from the U.S. Department of Justice have deprived States, and persons, of rights which said States and persons previously enjoyed, to regulate and control the use of the water in those respective States; and

"Whereas said decisions and rulings are further a part of a general pattern developing gradually into Federal supremacy and usurpation over water, which, if continued will destroy individual and States rights over water, and substitute in lieu thereof an all powerful centralized government control thereover: Be it therefore

"Resolved by the 33d Legislature of the State of Utah (the Governor concurring therein), That the Congress and President of the United States and the Representatives of Utah in the Congress of the United States be, and they are hereby, urged and requested to take all necessary action to (1) preserve the water rights of the individual and the States and to prevent Federal usurpation of those rights; (2) to see that legislation is initiated and supported to reestablish to the individuals and to the States, the rights taken from them by the Federal courts and the Justice Department; and (3) in every way possible reaffirm, renew, and defend the concepts that water rights are property rights and that these established rights, to the use of water, by a State or an individual, should not be taken away without due process of law and adequate compensation; be it further

"Resolved, That certified copies of the above be promptly transmitted to the President and Vice President of the United States, Speaker of the House of Representatives of the Congress, chairmen of the U.S. Senate and House Committees of Interior and Insular Affairs, U.S. Senator WALLACE F. BENNETT, U.S. Senator FRANK E. MOSS, U.S. Representative HENRY A. DIXON, and U.S. Representative DAVID S. KING."

KONYA DAY—LETTER AND CONCURRENT RESOLUTION

Mr. ENGLE. Mr. President, I am delighted to join with my distinguished colleague from California in commending the city of Torrance, Calif., which has set aside February 28 as Konya Day.

Konya, a city in Turkey, was chosen by Torrance as its sister city under President Eisenhower's people-to-people program to establish greater friendship and understanding between this country and other nations. The fine spirit shown by Torrance is just one example of the active role California is playing in fostering international cooperation. The cities of Torrance and Konya are to be congratulated for their united effort to strengthen the ties of people of the free world. I ask unanimous consent to have printed in the RECORD a letter from the Chamber of Commerce of Torrance and a resolution adopted by the California Legislature commending the city of Torrance.

There being no objection, the letter and concurrent resolution were referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

CHAMBER OF COMMERCE,
Torrance, Calif., January 27, 1959.

Hon. THOMAS H. KUCHEL,
U.S. Senate, Washington, D.C.

MY DEAR SENATOR KUCHEL: The President of the United States and the State Department are vitally interested in "city to city" sponsored by the American Municipal Association in conjunction with the U.S. Information Service.

Torrance has joined hands with the progressive city of Kenya, Turkey, in a united effort to strengthen the ties of people of the free world in the battle against the ungodliness of communism.

We hope that a similar resolution to the one enclosed may be adopted by the Senate of the United States. We are holding Kenya Day on February 28, and will host Madame Ismet Sandli, Turkish delegate to the United Nations.

Thanking you for your consideration, I remain,

Sincerely yours,

DICK FITZGERALD,
Manager.

CONCURRENT RESOLUTION OF THE SENATE AND ASSEMBLY OF THE STATE OF CALIFORNIA COMMENDING THE CITY OF TORRANCE, CALIF., AND THE CITY OF KONYA, TURKEY, FOR PARTICIPATING AS SISTER CITIES IN PRESIDENT EISENHOWER'S "PEOPLE TO PEOPLE" PROGRAM

Whereas President Eisenhower in 1956 inaugurated the "people to people" program to establish greater friendship and understanding between the peoples of the United States and other nations through the medium of direct personal contact; and

Whereas to implement this program the city of Torrance and other cities in the United States were requested by the American Municipal Association to affiliate with a foreign city of similar characteristics and mutual interests; and

Whereas the Torrance City-to-City Committee selected the city of Konya, Turkey, as Torrance's sister city for participation in said program and the city council of said city endorsed said selection and, on behalf of the people of Torrance, invited the people and government of the city of Konya, to participate with Torrance as its sister city in the President's program; and

Whereas the mayor and Municipal Council of the City of Konya have accepted the invitation of Torrance to become its sister city; and

Whereas the action of the cities of Konya and Torrance is representative of the mutual

trust and understanding that exists between the peoples of our two great nations: Now, therefore, be it

Resolved, That the Senate and Assembly of the State of California, acting concurrently, herewith commend the action of the cities of Konya and Torrance in affiliating as sister cities in President Eisenhower's "people to people" program and congratulates the governments and peoples of both cities on their inspiring example of the fight that individual municipalities can wage against the expansion of international communism and in furtherance of the brotherhood of man among free peoples everywhere.

TAXING OF COOPERATIVES AND THE REA—RESOLUTION

Mr. WILEY. Mr. President, I have received a resolution adopted by the Pecatonica Farmers Union of South Wayne, Wis., dealing with taxes on cooperatives. I ask unanimous consent that the resolution be printed in the CONGRESSIONAL RECORD and appropriately referred.

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

Whereas farm coperatives and REA are two of the few sources of relief to farm people from the cost-price squeeze; and

Whereas the present administration—particularly Mr. Eisenhower—is obviously determined to destroy all the farm cooperatives by unfair taxation of patronage dividends at the source and by forcing the REA into the private money market for the necessary capital to continue operations; and

Whereas the present administration is also determined to eliminate the parity concept of pricing farm commodities and forcing us into the free market without any price protection whatever: Therefore be it

Resolved by the members of Pecatonica Farmers Union meeting at South Wayne, Wis., on February 16, That you use every effort to prevent any new taxes on farm cooperatives and that you support continuation of the parity concept of pricing farm commodities. Also in view of the fact that good financing of REA has always resulted in profits rather than loss, you continue to support the present program of financing REA. We further oppose price supports based on 90 percent of the past 3-year average market prices.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

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

S. Res. 27. Resolution authorizing the Committee on Interstate and Foreign Commerce to investigate certain matters within its jurisdiction (Rept. No. 53); and

S. Res. 29. Resolution providing for a study of transportation policies in the United States (Rept. No. 54).

By Mr. HAYDEN, from the Committee on Rules and Administration, with amendments:

S.J. Res. 19. Joint resolution authorizing the Architect of the Capitol to present to the Senators and Representative in the Congress from the State of Alaska the first official flag of the United States bearing 49 stars and which is flown over the west front of the U.S. Capitol (Rept. No. 55).

By Mr. MAGNUSON, from the Committee on Interstate and Foreign Commerce, with an amendment:

S. 12. A bill to expedite the utilization of television transmission facilities in our public schools and colleges, and in adult training programs (Rept. No. 56).

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

S. 82. A bill to amend the act of June 28, 1958, to provide for a National Outdoor Recreation Resources Review Commission, and for other purposes (Rept. No. 57).

EXECUTIVE REPORTS OF COMMITTEE ON ARMED SERVICES

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. SALTONSTALL, from the Committee on Armed Services:

Courtney Johnson, of Indiana, to be Assistant Secretary of the Army, vice Frank H. Higgins.

Mr. CANNON. Mr. President, as in executive session, from the Committee on Armed Services, I report favorably the nominations of 21 colonels for temporary promotion to the grade of brigadier general in the Air Force. I ask that these nominations be printed on the Executive Calendar.

The PRESIDING OFFICER (Mr. YOUNG of Ohio). The nominations will be placed on the Executive Calendar, as requested by the Senator from Nevada.

The nominations placed on the Executive Calendar, are as follows:

Col. Benjamin G. Holzman, and sundry other officers, for temporary appointment in the U.S. Air Force.

Mr. CANNON. Mr. President, also from the Committee on Armed Services, I report 3,662 nominations for appointment and promotion in the Army, Navy, Marine Corps, and Air Force, in the grades of lieutenant colonel and below. 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:

Richard G. Ament, and sundry other officers, for promotion in the Regular Army of the United States;

Louis R. Abraham, and sundry other officers, for permanent oppointment to the grade of first lieutenant in the Marine Corps; and

John W. Wichman, and sundry other persons, for appointment in the Regular Air Force.

BILLS AND JOINT RESOLUTIONS INTRODUCED

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

By Mr. HAYDEN (for himself and Mr. GOLDWATER):

S. 1164. A bill to authorize the appointment of a commissioner for Grand Canyon National Park, Arizona; to the Committee on the Judiciary.

By Mr. SPARKMAN (for himself and Mr. HILL):

S. 1165. A bill to authorize certain commissioned officers to receive retired pay to the extent of $3,000 per annum plus the full salary of any civilian office or position under the U.S. Government or the municipal government of the District of Columbia; and

S. 1166. A bill to establish a program of survival depots in order to provide subsistence for the large numbers of the civilian population of the United States who would be evacuated from the devastated areas in the event of attack on the United States; to the Committee on Armed Services.

By Mr. BIBLE (by request):

S. 1167. A bill to make the Policemen and Firemen's Retirement and Disability Act Amendments of 1957 applicable to retired former members of the Metropolitan Police force, the Fire Department of the District of Columbia, the U.S. Park Police force, the White House Police force, and the U.S. Secret Service; and to their widows, widowers, and children; to the Committee on the District of Columbia.

By Mr. KEATING:

S. 1168. 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; and

S. 1169. A bill to provide for the credit of subscription charges or insurance premiums with respect to health or medical service plans or programs, or health or medical insurance for the purposes of the Federal income tax, and for other purposes; to the Committee on Finance.

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

By Mr. BUSH:

S. 1170. A bill making appropriations for certain flood control projects in the State of Connecticut; to the Committee on Appropriations.

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

By Mr. LANGER:

S. 1171. A bill for the relief of Katharina Hoeger; to the Committee on the Judiciary.

By Mr. NEUBERGER (for himself, Mr. MORSE, Mr. HUMPHREY, Mr. MANSFIELD, Mr. KEFAUVER, Mr. MAGNUSON, Mr. CARROLL, Mr. YARBOROUGH, Mr. PROXMIRE, and Mr. DOUGLAS):

S. 1172. A bill to prohibit discrimination because of age in the hiring and employment of persons by Government contractors; to the Committee on Labor and Public Welfare.

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

By Mr. MUSKIE (for himself and Mrs. SMITH):

S. 1173. A bill to amend section 24 of the Federal Reserve Act to exempt real estate loans guaranteed by States from its provisions; and

S. 1174. A bill to amend section 24 of the Federal Reserve Act to provide that the existing restrictions on the amount and maturity of real estate loans made by national banks shall not apply to certain loans which are guaranteed or insured by a State or a State authority; to the Committee on Banking and Currency.

By Mr. MANSFIELD (for Mr. HENNINGS):

S. 1175. A bill for the relief of Zoe J. Bithos; to the Committee on the Judiciary.

By Mr. ENGLE:

S. 1176. A bill to transfer to the free list of the Tariff Act of 1930 book bindings or covers imported by certain institutions; to the Committee on Finance.

By Mr. ROBERTSON (by request):

S. 1177. A bill to authorize adjustments in accounts of outstanding old series currency, and for other purposes; to the Committee on Banking and Currency.

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

By Mr. ROBERTSON (for himself and Mr. CAPEHART) (by request):

S. 1178. A bill to amend certain provisions of the Securities Act of 1933, as amended;

S. 1179. A bill to amend certain provisions of the Securities Exchange Act of 1934, as amended;

S. 1180. A bill to amend certain provisions of the Trust Indenture Act of 1939, as amended;

S. 1181. A bill to amend certain provisions of the Investment Company Act of 1940, as amended; and

S. 1182. A bill to amend certain provisions of the Investment Advisers Act of 1940, as amended; to the Committee on Banking and Currency.

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

By Mr. DIRKSEN (by request):

S. 1183. A bill to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claims of Reynaldo Gubbins; to the Committee on the Judiciary.

By Mr. MAGNUSON:

S. 1184. A bill to extend the application of the Davis-Bacon Act to Federal contracts for the demolition of existing buildings; to the Committee on Labor and Public Welfare.

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

S. 1185. A bill to provide for the preservation of historical and archeological data (including relics and specimens) which might otherwise be lost as the result of the construction of a dam; to the Committee on Interior and Insular Affairs.

By Mr. BYRD of West Virginia (for himself and Mr. RANDOLPH):

S. 1186. A bill to amend title II of the Social Security Act to provide that full benefits thereunder (when based upon the attainment of retirement age) will be payable to both men and women at age 60; to the Committee on Finance.

By Mr. DIRKSEN (for Mr. BEALL):

S. 1187. A bill for the licensing of public adjusters in the District of Columbia; to the Committee on the District of Columbia.

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

By Mr. MAGNUSON:

S. 1188. A bill for the relief of Herman E. Tenzler, Ernest Gallo, and Julio R. Gallo; and

S. 1189. A bill for the relief of William Peck; to the Committee on the Judiciary.

By Mr. MAGNUSON (for himself, Mr. ENGLE, Mr. JACKSON, Mr. NEUBERGER, and Mr. MORSE):

S. 1190. A bill to amend the Longshoremen's and Harbor Workers' Compensation Act, so as to provide that an injured employee shall have the right to select his own physician, and for other purposes; to the Committee on Labor and Public Welfare.

By Mr. SALTONSTALL:

S. 1191. A bill to amend and clarify the reemployment provisions of the Universal Military Training and Service Act, and for other purposes; to the Committee on Armed Services.

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

By Mr. SALTONSTALL (by request):

S. 1192. A bill for the relief of Angela Maria Staia Labellarte; to the Committee on the Judiciary.

By Mr. SALTONSTALL (for himself and Mr. KENNEDY):

S. 1193. A bill for the relief of Eleanor Constan; to the Committee on the Judiciary.

By Mr. ANDERSON (by request):

S. 1194. A bill to authorize appropriations for the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes; to the Joint Committee on Atomic Energy.

By Mr. HARTKE:

S. 1195. A bill to amend sections 522 and 545 of title 38, United States Code, to increase the income limitations applicable to the payment of pension for nonservice-connected disability or death to $1,800 and $3,000; to the Committee on Finance.

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

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

S. 1196. A bill to amend the Immigration and Nationality Act to accord Korean war veterans equal naturalization privileges, and to authorize the Attorney General to admit certain aliens who have served in the Armed Forces of the United States for a period aggregating 5 years as permanent residents; to the Committee on the Judiciary.

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

By Mr. ANDERSON:

S. 1197. A bill to amend the Atomic Energy Act of 1954, as amended; to the Joint Committee on Atomic Energy.

By Mr. CARLSON:

S. 1198. A bill to fix the compensation of the General Counsel of the Department of Commerce; to the Committee on Post Office and Civil Service.

By Mr. LANGER:

S. 1199. A bill to prevent discrimination in any public or semipublic place or by any public or semipublic transportation against members of the Armed Forces because of race, color, or creed; to the Committee on the Judiciary.

By Mr. CHURCH:

S. 1200. A bill for the relief of Dr. Ernesto Deza, his wife, Mary Brillantes Deza, and their three children, Alfonso Deza, Edmundo Deza, and Zenaida Deza; to the Committee on the Judiciary.

By Mr. BENNETT:

S. 1201. A bill to provide for the establishment of a Soil and Water Conservation Laboratory; to the Committee on Agriculture and Forestry.

S. 1202. A bill to authorize the Secretary of the Interior to convey to the Metropolitan Water District of Salt Lake City, Utah, all right, title, and interest of the United States in certain lands located in Salt Lake County, Utah; to the Committee on Interior and Insular Affairs.

S. 1203. A bill for the relief of Joaquin Gil-Carrasco; to the Committee on the Judiciary.

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

By Mr. STENNIS:

S. 1204. A bill to provide for the establishment of a regional laboratory to conduct basic research for biological control of the boll weevil and other insect pests; to the Committee on Agriculture and Forestry.

By Mr. FULBRIGHT:

S. 1205. A bill to amend the National Defense Education Act of 1958 in order to provide advanced training for teachers of foreign languages in the areas in which such languages are used; to the Committee on Labor and Public Welfare.

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

By Mr. ALLOTT (for himself, Mr. CARROLL, Mr. WILEY, Mr. MANSFIELD, Mr. CAPEHART, and Mr. LAUSCHE):

S.J. Res. 56. Joint resolution designating the carnation as the national flower of the United States; to the Committee on the Judiciary.

By Mr. JAVITS (for himself, Mr. CLARK, Mr. HENNINGS, Mr. HUMPHREY, Mr. LANGER, Mr. MORSE, Mr. NEUBERGER, and Mr. PROXMIRE):

S.J. Res. 57. Joint resolution to propose an amendment to the Constitution of the United States relating to the jurisdiction of the Supreme Court; to the Committee on the Judiciary.

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

By Mr. SYMINGTON:

S.J. Res. 58. Joint resolution to authorize the placing of suitable memorials by the American Battle Monuments Commission marking and commemorating the Spanish-American War of 1898; to the Committee on Interior and Insular Affairs.

By Mr. AIKEN (for himself, Mr. JAVITS, Mr. KEATING, Mr. MCNAMARA, Mr. PASTORE, and Mr. PROUTY):

S.J. Res. 59. Joint resolution requesting the President to issue a proclamation designating 1959 for the observance of the 350th anniversary of the historic voyages of Hudson and Champlain; to the Committee on the Judiciary.

By Mr. CASE of South Dakota:

S.J. Res. 60. Joint resolution proposing an amendment to the Constitution of the United States granting representation in the House of Representatives and in the electoral college to the District of Columbia; to the Committee on the Judiciary.

(See the remarks of Mr. CASE of South Dakota when he introduced the above joint resolution, which appear under a separate heading.)

By Mr. O'MAHONEY (for himself, Mr. ANDERSON, Mr. CURTIS, and Mr. MORTON):

S.J. Res. 61. Joint resolution to amend Public Law 305 of the 85th Congress relating to the establishment of a commission to commemorate the 100th anniversary of the Civil War, to authorize the manufacture and sale of a Civil War Centennial Medal; to the Committee on the Judiciary.

(See the remarks of Mr. O'MAHONEY when he introduced the above joint resolution, which appear under a separate heading.)

AMENDMENT OF SOCIAL SECURITY ACT, RELATING TO REMOVAL OF LIMITATION OF OUTSIDE INCOME

Mr. KEATING. Mr. President, I also introduce for appropriate reference 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.

I have felt for a long time that taking away a man's social security payment if he earns more than $100 a month on his own is wrong. Social security is supposed to be an insurance system, with premiums paid by employers and employees; a man should be free to earn what he can and wants to without having his social insurance payments affected at all. I trust that the House of Representatives and the Senate will take early and favorable action on this important measure.

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

The bill (S. 1168) to amend title II of the Social Security Act as to remove the limitation upon the amount of outside income which an individual may earn while receiving benefits thereunder, introduced by Mr. KEATING, was received, read twice by its title, and referred to the Committee on Finance.

CREDIT FOR INCOME TAX PURPOSES OF SUBSCRIPTION CHARGES OR INSURANCE PREMIUMS

Mr. KEATING. Mr. President, I introduce for appropriate reference a bill to provide for the credit of subscription charges or insurance premiums with respect to health or medical service plans or programs, or health or medical insurance for the purposes of the Federal income tax.

Mr. President, no domestic problem is of greater importance to the well-being of our Nation than the health of its citizens. Unfortunately, we have not solved the problems of paying for medical care at anything like the rate at which we are solving the problems of improving medical care. I propose that we deal directly with the high cost of health by allowing a graduated credit against taxes due for the cost of any health insurance carried by the taxpayer. Under this tax incentive, health coverage could be extended to virtually the entire population in a relatively short span of time, with the greatest aid going to those who most need it. Moreover, the plan would completely avoid costly and dangerous Government control and direction and would in no way interfere with the traditional private doctor-patient relationship.

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

The bill (S. 1169) to provide for the credit of subscription charges or insurance premiums with respect to health or medical service plans or programs, or health or medical insurance for the purposes of the Federal income tax, and for other purposes, introduced by Mr. KEATING, was received, read twice by its title, and referred to the Committee on Finance.

APPROPRIATIONS FOR CERTAIN FLOOD-CONTROL PROJECTS IN CONNECTICUT

Mr. BUSH. Mr. President, I introduce, for appropriate reference, a bill making appropriations for certain flood-control projects in the State of Connecticut. I ask unanimous consent that a statement I have prepared with respect to the bill, be printed in the RECORD.

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

The bill (S. 1170) making appropriations for certain flood-control projects in the State of Connecticut, introduced by Mr. BUSH, was received, read twice by its title, and referred to the Committee on Appropriations.

The statement presented by Mr. BUSH is as follows:

STATEMENT BY SENATOR BUSH

I have introduced in the Senate today a bill which would appropriate $552,000 for the preparation of detailed plans and specifications for three urgently needed flood-control projects in Connecticut—the Hall Meadow Brook and East Branch dams and reservoirs at Torrington and the Mad River dam and reservoir at Winsted.

Torrington and Winsted were among the communities which suffered most severely in the flood disasters of 1955. They have expended large amounts of local funds for flood protection. The State of Connecticut has authorized a bond issue of $1,750,000 to meet the local costs required under the Army Corps of Engineers' plans for the three dams and reservoirs which were authorized by the 85th Congress.

In Torrington, the Federal Government has already spent substantial amounts of money on two small flood-protection projects undertaken under Public Law 685–84, the Bush-McCormack Act.

However, the progress already made in meeting the flood-protection needs of Torrington and Winsted may be nullified unless prompt action is taken to construct the three flood-control dams and reservoirs which are the key to the protective plans for these communities.

Fortunately, thus far we have been spared a recurrence of the 1955 floods, but no one dares predict how much longer another disaster may be avoided. The construction of the Torrington and Winsted projects must be undertaken as rapidly as possible to provide insurance against a repetition. If delayed, the local and Federal funds already spent are in danger of being wasted. Another flood similar to those of 1955 could wash away all the work already accomplished.

Moreover, justice to the people living in the areas which must be taken for the dams and reservoirs requires an end to the uncertainties which now confront them. The State of Connecticut has provided a source of funds to acquire the homes of these people and other needed real estate at fair market prices and thus enable them to plan their futures. But the properties cannot be acquired until the Corps of Engineers has produced detailed plans and specifications which will disclose the precise areas which must be taken.

I have been advised by Brig. Gen. J. L. Persons, Assistant Chief of Engineers for Civil Works, that this work can be accomplished in the coming fiscal year if Congress appropriates $150,000 for each of the two Torrington dams, and $252,000 for the Winsted project. The total, $552,000, may be found within the limits of the civil works budget submitted to the Congress by minor adjustments in other funds which I shall urge the Committee on Appropriations to make.

Once the detailed plans and specifications have been prepared, it will be possible to move forward rapidly to completion of these three projects which will add substantially to the flood protection for western Connecticut and the Naugatuck Valley.

Torrington, Winsted, and the State of Connecticut have responded to the flood protection needs of the people of those hard-hit communities. It is essential that the 86th Congress take prompt action to fulfill the Federal Government's obligation to do its part.

PREVENTION OF DISCRIMINATION BECAUSE OF AGE OF WORKERS IN DEFENSE INDUSTRIES AND GOVERNMENT CONTRACTS

Mr. NEUBERGER. Mr. President, the rigorously competitive climate of the cold war has served to warn the United States against unwise use or wastage of our valuable natural resources. It should similarly serve as a warning against the wastage of our valuable human resources.

It certainly makes no sense—with the fierce scientific, economic, and ideological conflicts of today—for America to let a vast reserve of national strength stand idle. Yet we are in effect wasting many trained minds and many pairs of experienced hands because of cruel employment practices which discriminate against men and women past the age of 40.

In addition to wasting a priceless resource, this discrimination on the basis of age is, to my mind, as reprehensible as discrimination based on racial or religious bigotry. A great deal of suffering and humiliation, as well as loss to our economy, has been caused by this discrimination.

It is for these reasons that I am introducing legislation today which would forbid "any supplier or contractor of our Government from imposing any requirement or limitation of maximum age with respect to the hiring or employment of persons."

The original idea for such legislation was submitted to me by the Fraternal Order of Eagles, which has championed this cause for a long period. The Eagles' jobs-over-40 crusade is one of the outstanding projects of this fine organization, of which I am proud to be a member of long standing.

My bill is identical to the bill I introduced on this subject in the 85th Congress. It is similar to legislation introduced earlier into this Congress by the distinguished senior Senator from New York [Mr. JAVITS]. The proposals of the Senator from New York are sweeping and almost universal in their provisions. My bill would apply only to suppliers of the Government—firms which, in many cases, are already subject to special requirements with respect to hiring practices and other matters.

My proposal would still provide for the protection of the health and safety of our older workers. It recognizes regulations prescribed by the Secretary of Labor to protect workers in certain types of employment.

The problem of age discrimination is serious today, and it will become increasingly serious as the older portion of our population increases in proportion to the younger portion. I hope that these proposals, which deal with an extremely critical aspect of our modern American life, will receive careful consideration.

I am introducing this bill for myself and my able colleagues, the senior Senator from Oregon [Mr. MORSE], the senior

Senator from Minnesota [Mr. HUMPHREY], the junior Senator from Montana [Mr. MANSFIELD], the senior Senator from Tennessee [Mr. KEFAUVER], the senior Senator from Washington [Mr. MAGNUSON], the junior Senator from Colorado [Mr. CARROLL], the junior Senator from Texas [Mr. YARBOROUGH], the junior Senator from Wisconsin [Mr. PROXMIRE], and the senior Senator from Illinois [Mr. DOUGLAS].

I ask unanimous consent that the text of my bill appear in the RECORD following the conclusion of my remarks.

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

The bill (S. 1172) to prohibit discrimination because of age in the hiring and employment of persons by Government contractors, introduced by Mr. NEUBERGER (for himself and other Senators), 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 the first section of the Act entitled "An Act to provide conditions for the purchase of supplies and the making of contracts by the United States, and for other purposes," approved June 30, 1936, as amended (41 U.S.C. 35–45), is amended (1) by striking out "and" following the semicolon in subsection (d), (2) by striking out the period at the end of subsection (e) and inserting in lieu thereof "; and", and (3) by adding at the end thereof a new subsection as follows:

"(f) That the contractor will not expressly or in practice impose any requirement or limitation of maximum age with respect to the hiring or employment of persons, except such requirements or limitations, in accordance with regulations prescribed by the Secretary of Labor, relating to specific jobs or types of employment as are reasonably designed to protect older workers from tasks which they could not ordinarily because of their age be expected to perform safely or efficiently."

ADJUSTMENTS IN ACCOUNTS OF OUTSTANDING OLD SERIES CURRENCY

Mr. ROBERTSON. Mr. President, at the request of the Secretary of the Treasury, I introduce for appropriate reference a bill entitled "To authorize adjustments in accounts of outstanding old series currency, and for other purposes."

The Treasury states that the bill would authorize deposit into the Treasury, as public debt receipts, of the reserves held as security against outstanding old series currency issues. The Treasury states that this would increase the balance in the general fund of the Treasury by about $100.4 million. Under the bill, any old series currency on presentation would be redeemed from the general cash in the Treasury.

The bill would also authorize the Secretary of the Treasury to reduce the amount of old series currency by reason of estimated destruction and total loss and would provide for a historical collection of paper currency issues.

I ask unanimous consent that a Treasury memorandum describing the bill be printed in the RECORD at this point.

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

The bill (S. 1177) to authorize adjustments in accounts of outstanding old series currency, and for other purposes, introduced by Mr. ROBERTSON, by request, was received, read twice by its title, and referred to the Committee on Banking and Currency.

The memorandum presented by Mr. ROBERTSON is as follows:

TREASURY MEMORANDUM—RE DRAFT OF PROPOSED BILL TO AUTHORIZE ADJUSTMENTS IN ACCOUNTS OF OUTSTANDING OLD SERIES CURRENCY, AND FOR OTHER PURPOSES

The proposed legislation would provide (1) that certain outstanding currency issues be liquidated as such, and constituted a part of the outstanding debt bearing no interest, and (2) that the amount of each denomination of each kind of old large-size currency now outstanding that has been destroyed or irretrievably lost and so will never be presented for redemption, be determined and written off the Treasury statements and accounts.

Old large-size paper currency means any paper currency issued prior to July 1, 1929, and gold certificates issued subsequent to July 1, 1929, and prior to January 30, 1934. The Treasury and Federal Reserve System are carrying gold, silver, and other reserves against this old currency, a large portion of which, in all probability, has been destroyed while in circulation, and consequently, will never be presented for redemption. The adjustments authorized by the bill would free these reserves and permit the Treasury to obtain the benefit of their use for current purposes. The bill provides for the amount of this old currency which is outstanding to be carried as a part of the public debt bearing no interest, and any such old currency presented to the Treasury would be redeemed from the general cash in the Treasury and the amount of public debt outstanding would be correspondingly reduced. The proposal would have the effect of improving the Treasury's cash position by more than $100 million. This would consist of about $32 million in gold, which would increase the balance in the general fund of the Treasury, and more than $68 million additional cash, including about $37 million to be received from the Federal Reserve Banks on account of Federal Reserve notes. These adjustments would not constitute public debt subject to the debt limitation.

This approach to an adjustment of the old large-size currency accounts is along the line of the precedent established by law and regulations for the adjustment of discontinued national bank circulation and Federal Reserve Bank notes.

The bill would also authorize the Secretary of the Treasury to determine the amount of the old currency which, in his judgment, has been destroyed or irretrievably lost and so will not be presented for redemption, and to reduce accordingly the amount, or amounts, thereof outstanding on the records of the Treasury. Except for writeoffs of $8,375,934 in 1880 and $4,842,066.45 in 1920 of the fractional currency issued in the 1870's, the Treasury has never reduced its outstanding currency accounts for currency held in private ownership and destroyed by fires, floods, or in other ways. For example, about $1,100,000 of old Treasury notes of 1890, which have not been issued since 1893, are outstanding, and only about $25,000 of such notes have been presented for redemption in the last 18 years.

The proposed bill also contains a provision to permit the Treasury to withhold from destruction pieces of each currency issue to provide a historical collection of the paper currency of the United States.

There are enclosed a number of statistical statements relating to currency in circulation.

Enactment of this bill would benefit the Treasury without impairing in the least the redeemability of the old currency.

PROPOSED LEGISLATION RELATING TO SECURITIES AND INVESTMENTS

Mr. ROBERTSON. Mr. President, on behalf of myself, and the Senator from Indiana [Mr. CAPEHART], by request, I introduce, for appropriate reference, five bills relating to the field of securities and investments.

The first bill contains amendments to the Securities Act of 1933.

The second bill contains amendments to the Securities Exchange Act of 1934.

The third bill contains amendments to the Trust Indenture Act of 1939.

The fourth bill contains amendments to the Investment Company Act of 1940.

The fifth bill contains amendments to the Investment Advisers Act of 1940.

The Securities and Exchange Commission has forwarded along with these bills a statement on each of them which explains the need for each of the amendments in each bill. These statements are complete and extensive. I believe it would be desirable, for the benefit of the many people and firms in the affected industries and for the benefit of the bar associations and others having an interest in the matter, to publish in the RECORD at this point the statements submitted by the Securities and Exchange Commission. I therefore ask unanimous consent that these statements be printed in the RECORD at this point.

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

The bills, introduced by Mr. ROBERTSON (for himself and Mr. CAPEHART), by request, were received, read twice by their titles, and referred to the Committee on Banking and Currency, as follows:

S. 1178. A bill to amend certain provisions of the Securities Act of 1933, as amended.

The statement accompanying Senate bill 1178 is as follows:

AMENDMENTS TO THE SECURITIES ACT OF 1933

GENERAL OBJECTIVE OF STATUTE

The general objective of the Securities Act of 1933 is to protect the public and investors against malpractice in the securities and financial markets. The statute provides for full disclosure of pertinent business and financial facts concerning new securities offerings to the public, and provides civil and criminal remedies for fraudulent and deceptive practices in the sale of securities. The statute contains provisions for enforcement by the Commission through administrative and injunctive actions and for the referral of evidence indicating violations to

the Department of Justice for criminal prosecution.

WHAT THE BILL WILL DO

The amendments embodied in the bill are recommended by the Securities and Exchange Commission. A substantial number of the proposed amendments are designed to make the Commission's enforcement activities more effective by eliminating or minimizing various problems which have come to light in the course of Commission enforcement of the statute over the last several years. They do not alter the general purpose or effect of existing provisions. Some of the proposed amendments are designed simply to recognize changes that have taken place since the original adoption of the statute.

In brief, the proposed amendments would (1) clarify the jurisdictional basis of the civil liability provisions of the statute; (2) provide specific civil and criminal liability with respect to documents filed with the Commission pursuant to Commission rules in connection with exempt offerings; (3) make it clear that a showing of past violations is a sufficient basis for injunctive relief and that aiders and abettors may be responsible in civil and administrative proceedings; and (4) increase from $300,000 to $500,000 the size of offerings which may be exempted from registration under section 3(b) of the statute.

EXPLANATION BY SECTIONS

Section 1 would remove the obsolete reference in paragraph (5) of section 2 of the act to the Federal Trade Commission and substitute instead the Securities and Exchange Commission.

Section 2: Elimination of reference to the Philippine Islands and Alaska in the definition of "Territory."

Present law: Paragraph (6) of section 2 of the act defines the term "Territory" to include Alaska and the Philippine Islands.

Problem: The Philippine Islands are no longer a possession and Alaska is now a State.

Remedy in the bill: The amendment would delete the references.

Section 3: Increasing from $300,000 to $500,000 the size of offerings which may be exempted from registration under section 3(b).

Present law: Section 3(b) of the act provides that the Commission may by rule and regulation, and subject to such terms and conditions as may be prescribed, add any class of securities to the securities exempted by section 3(a) if the Commission finds that enforcement of the registration provisions of the act with respect to such securities "is not necessary in the public interest and for the protection of investors by reason of the small amount involved or the limited character of the public offering," provided no issue shall be exempted the aggregate offering price of which exceeds $300,000.

Problem: When the statute was enacted in 1933, the figure specified in this subsection was $100,000. This amount was increased to the present figure of $300,000 by an amendment in 1945. One of the important purposes of this action was to provide small business with relatively simpler access to needed capital.

The Commission has adopted various regulations governing the sale of securities within the prescribed limits. The most important of these is the general exemption provided by regulation A which is designed largely as a protection against fraud and which requires the use of an offering circular containing prescribed minimum disclosures of pertinent information about the business of the issuer. The requirements of the regulation can be met by filing with a regional office of the Commission a form of notification, copies of the offering circular and certain specified exhibits. The regulation further provides that the Commission may suspend the exemption by order for failure to comply with the regulation. The entire procedure provides a method, less expensive and time consuming than registrations, by which issuers seeking relatively small amounts of money may sell their securities in interstate commerce without complying with the registration requirements of the act.

On July 23, 1956, the Commission revised regulation A in various respects. Under the revision, the exemption is not available for offerings for the account of persons other than the issuer (sometimes called "bail outs") unless the issuer has had a net income from operations in at least 1 of the last 2 fiscal years. Securities issued to promoters, underwriters and others for property and services must be included in determining whether the offering is within the dollar limitation specified in section 3(b), unless appropriate arrangements are made (by escrow or otherwise) to keep these securities off the market for 12 months. Additional provisions make the exemption unavailable where promoters, management officials, large stockholders, or underwriters have a record of past securities violations.

With these changes in its exemptive rules, and a stepped-up enforcement program, the Commission is of the opinion that it has provided increased investor protection in the area of small and medium sized issues of securities without impeding the raising of equity and other capital by smaller business enterprises. In addition, the Commission, on August 16, 1956, established in the Division of Corporation Finance in Washington a new Branch of Small Issues which is responsible for supervising and coordinating the examination by the Commission's staff, both in Washington and in the Commission's Regional Offices, of filings under regulation A.

During the 85th Congress, a bill (H.R. 4744) was introduced which would have made the strict civil liabilities that pertain to persons associated with an offering under full registration applicable to persons associated with an offering under the Commission's exemptive regulations. The Commission opposed this bill on the ground that it would in substance require the equivalent of full registration for small issues and that this would have the indirect effect of repealing the exemption. Another bill (H.R. 173), which would have enlarged the civil liabilities in connection with exempt offerings but which would not have gone to the lengths of H.R. 4744, was supported by the Commission and is included in this proposal as an amendment to section 12(b) of the act, discussed below. Neither of these proposals was enacted. It may be that Congress will give consideration to revising these civil liability provisions, quite apart from any determination that may be made regarding the appropriate maximum size of offerings that may be exempted under section 3(b).

Remedy in the bill: In order to facilitate access to the public capital markets by more small and medium-sized firms, it is proposed that the exemptive limit be raised to $500,000.

In the 85th Congress, the Committee on Banking and Currency, U.S. Senate, reported favorably S. 2299 (Report No. 438) which provided for increasing the exemptive limit of section 3(b) to $500,000.

Section 4 would change the reference in section 9(a) to the United States Code to reflect modifications made in the numbering of its pertinent provisions.

Section 5: Clarification of jurisdictional standards for, and expansion of basis of, civil liabilities.

Present law: Existing action 12(2) provides for civil liability on the part of any person who offers or sells a security by means of a prospectus or oral communication which includes a misleading statement of a material fact or which is misleading because of failure to state a material fact.

Problem: (1) The question arises under the present section whether, in order for liability to attach, the mails or interstate facilities must be used in making the misrepresentation or whether the use of mails or interstate facilities in other aspects of the transaction is sufficient to create liability. There is a split on this question between the courts of appeal of the Second and the Fifth Circuits, on the one hand, and the Court of Appeals for the Seventh Circuit on the other. In the Second Circuit, in *Schiller* v. *H. Vaughan, Clarke & Co.*, 134 F. 2d 875 (1943), the statute was construed so that delivery of securities through the mails was a sufficient use of the mails to create liability. A similar result was reached in the Fifth Circuit in *Blackwell* v. *Bentsen*, 203 F. 2d 690 (C.A. 5, 1953), cert. dismissed, 347 U.S. 925 (1954). In the Seventh Circuit in *Kemper* v. *Lohnes*, 173 F. 2d 44 (1949), the court held that in order to create liability under this statute, the misrepresentation complained of must have been transmitted through the mails or interstate facilities.

(2) As presently enacted, section 11 of the act provides civil liabilities on the part of the issuer, directors, principal officers, underwriters, and certain other persons in the event of false or misleading statements or omissions in a registration statement, and section 12(2) contains provisions imposing civil liability on sellers which are applicable to the offer and sale of securities generally, whether they are registered or not. Under section 12(2), "any person who * * * offers or sells" a security by false or misleading statements is liable (subject to certain defenses) "to the person purchasing such security from him." Where an issuer, or person in control of an issuer, sells to a dealer for public distribution and the dealer in turn sells to an investor, for example, it has been urged that the investor, in bringing an action under section 12(2), cannot go beyond his immediate seller (the dealer) and recover from the issuer—which may be the person actually responsible for the false or misleading information used in the sale. Moreover, if the dealer or the issuer is an insolvent corporation, for example, so that adequate recovery cannot be obtained from it, the investor cannot necessarily recover directly from the individuals actually responsible for the false or misleading statements. Section 15 provides for the imposition of liability on certain controlling persons, but not on other individuals.

Persons who sign a document filed with the Commission in connection with any offering containing an untrue statement or material omission, any person who makes or causes to be made such untrue statement or material omission, every controlling person and the issuer should be civilly liable to any person (not knowing of such untruth or omission) who receives or is shown a copy of the statement or document in connection with a purchase of such securities, or who relies directly or indirectly on such untrue statement or omission in connection with such purchase. As to the issues, there should be no defense or lack of knowledge of any untruth or omission in a document filed with the Commission. On the other hand, liability for false or misleading statements in an exempted offering should not be imposed on any officer, director, or other individual associated with the offering if he sustains the burden of proof that he acted in good faith and did not know of the untruth or omission on which the action is based. Thus, directors and other individuals should not be liable except for actual misconduct or bad faith, but the issuing corporation should be absolutely liable for any false or misleading statements, even if innocently made.

Remedy in the bill: (1) It is proposed that the jurisdictional language be separately stated so as to make it clear that the section would be applicable if there was any use of the mails or interstate facilities. This would conform the jurisdictional requirements to those contained in section 17(a), which provides the basis for injunctive and criminal actions.

(2) It is proposed that a new section 12(b) be added to the statute to provide clear civil liability on the part of those responsible for untrue statements of material facts or omissions to state material facts in any statement or document filed with the Commission in connection with an offering pursuant to an exemption under section 3(b) or section 3(c). Because of the proposed addition of section 12(b), the existing section 12 is to be designated section 12(a).

Section 6 would amend section 13 the "statute of limitations" for actions for civil recovery, to cover the proposed amendment to section 12 of the act.

Sections 7 and 8: Implementation of provisions relating to the enjoining of violation of, and enforcing compliance with, the act.

Present law: Section 20(b) now provides that the Commission may obtain an injunction when it appears that any person is engaged or about to engage in any acts or practices which constitute or will consitute a violation of the act or any rule or regulation. Section 20(c) now provides for appropriate courts, upon application by the Commission, to issue writs of mandamus commanding any person to comply with the provisions of the act or any order of the Commission made in pursuance thereof.

Problem: (1) Cases frequently arise after the act has been violated. While past violations are considered a sufficient basis for an injunction by the courts since they indicate the possibility of future violation, it would aid the Commission in its enforcement of the act if it were expressly stated that a past violation is a basis for an injunction, even though the violation may have been discontinued, as often occurs when the Commission discovers them. This change would conform the provisions of the act to the provisions of the Investment Company Act of 1940 and the Investment Advisers Act of 1940. Any injunctive relief is subject to the general discretionary powers of a court of equity and therefore not every violation would be a basis for an injunction.

(2) The reference to mandamus contained in section 20(c) should be eliminated in view of the fact that the Federal Rules of Civil Procedure have abolished the writ as a separate and distinct type of action and provide that the same relief may be obtained by an appropriate order.

Remedy in the bill: (1) It is proposed that this section be amended so as to authorize an injunction also on a showing that a defendant has engaged in acts constituting a violation.

(2) It is proposed to repeal section 20(c) dealing with writs of mandamus and provide a comparable remedy in section 20(b).

Section 9 would amend section 22(a) of the act by changing the references in that section to the United States Code to reflect modification made in the renumbering of its pertinent provisions.

Section 10: Expanding the coverage of prohibitions against the filing of false or misleading material with the Commission.

Present law: Section 24 now makes it a criminal offense for any person willfully in a registration statement filed under the act to make any untrue statement of a material fact or to omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

Problem: There is at present no section of the act which makes it unlawful willfully to file false or misleading applications, reports or documents, other than a registration statement.

Remedy in the bill: It is proposed that section 24 be amended to apply not only to a registration statement but to any application, report, or other document filed under the act. Thus, for example, under this amendment the criminal responsibility for false or misleading offering circulars and other documents filed pursuant to the Commission's exemptive regulations promulgated under section 3(b) or section 3(c) would be the same as now exists in the case of registration statements.

Section 11: Addition of provisions relating to prohibited activities.

Present law: None.

Problem: There exists no provision of the act expressly prohibiting any person, indirectly or through any other person, from violating the act or any rule or regulation thereunder. Furthermore, the statute should contain an explicit provision that aiders and abettors may be liable in civil and administrative proceedings.

Remedy in the bill: The proposed amendment would prohibit persons from doing indirectly acts which they are prohibited from doing directly and makes it unlawful for any person to aid, abet, or procure a violation by another person, removing any doubt that aiders and abettors may be liable in civil administrative proceedings. The provision does not in any manner constitute a limitation with respect to the applicability in criminal proceedings of section 2, title 18, United States Code.

S. 1179. A bill to amend certain provisions of the Securities Exchange Act of 1934, as amended.

The statement accompanying Senate bill 1179 is as follows:

AMENDMENTS TO SECURITIES EXCHANGE ACT OF 1934

GENERAL OBJECTIVE OF STATUTE

The general objective of the Securities Exchange Act of 1934 is to protect the public and investors against malpractices in the securities and financial markets. The statute provides for disclosure of information concerning securities listed on exchanges and for the regulation of trading in securities on exchanges and in over-the-counter markets. The statute contains provisions for enforcement by the Commission through administrative and injunctive actions and for the referral of information concerning violations to the Department of Justice for criminal prosecution.

WHAT THE BILL WILL DO

The amendments embodies in the bill are recommended by the Securities and Exchange Commission. A substantial number of the proposed amendments are designed to make the Commission's enforcement activities more effective by providing additional remedies and eliminating or minimizing various problems which have come to light in the course of Commission enforcement over the past several years. Some of the proposed amendments are designed simply to recognize changes that have taken place since the original adoption of the statute.

In brief, the more significant of the proposed amendments would (1) clarify and strengthen the statutory provisions relating to manipulation and to the financial responsibility of brokers and dealers; (2) authorize the Commission by rule to regulate the borrowing, holding, or lending of customers' securities by a broker or dealer; (3) make it clear that attempts to purchase or sell securities are covered by the antifraud provisions of the statute; (4) revise the provisions relating to broker and dealer registration with respect to (a) the basis on which action for denial or revocation may be taken, (b) the sanctions which may be imposed by the Commission, (c) the conditions under which an application for registration may be withdrawn, and (d) the postponement of the effectiveness of an application for registration; (5) prohibit trading in a security in the over-the-counter market for limited periods where the public interest and the protection of investors so requires; (6) clarify the Commission's authority to suspend a security from exchange trading where there has been a failure to comply with the act and where otherwise necessary in the public interest; (7) authorize the Commission to suspend or withdraw the registration of a securities exchange when the exchange has ceased to meet the requirements for original registration; (8) implement the injunctive provisions of the statute and make it clear that a showing of past violations is a sufficient basis for injunctive relief and also that aiders and abettors may be responsible in civil and administrative proceedings; (9) provide that an insolvent broker or dealer may be adjudicated a bankrupt in an injunctive proceeding instituted by the Commission; (10) make it a violation of this act to embezzle moneys or securities entrusted to the care of an exchange member or a registered broker or dealer; and (11) provide for a forfeiture of $100 for each day that any report required under the act is delinquent.

The provisions of each section are explained more fully below.

EXPLANATION BY SECTIONS

Section 1: Modification of definition of term "member" of an exchange.

Present law: Section 3(a)(3) of the act defines the term "member" of an exchange and expressly includes each partner of a member firm but does not include officers and directors of a member corporation.

Problem: Since national securities exchanges now provide for corporate memberships, the Commission believes that officers and directors of a member corporation should be required to meet the same standards and be subject to the same sanctions as partners of a member firm.

Remedy in the bill: To accomplish the foregoing result, it is proposed to amend the definition of the term "member" to include any officer or director of any member firm, organization, or corporation. Since stockholders of corporate members are not included within the definition of "member" it is also proposed to exclude limited partners from the definition.

Section 2: Elimination of references to the Philippine Islands and Alaska in the definition of "State."

Present law: Section 3 (a)(16) of the act defines the term "State" to include any State of the United States and in addition, among others, the Philippine Islands and Alaska.

Problem: The Philippine Islands are no longer a possession and Alaska is now a State.

Remedy in the bill: The amendment would delete these references.

Section 3: Extension of time in which Commission may grant or deny application for registration of an exchange.

Present law: Section 6 of the act provides for the registration of securities exchanges. It requires the applicant exchange to file certain agreements and certain information, and it further provides, as a condition to registration, that it must appear to the Commission that the exchange is so organized as to be able to comply with the act and the Commission's rules thereunder and that the rules of the exchange are just and adequate to insure fair dealing and to protect investors. Subsection (e) provides that the Commission shall enter an order either granting or denying registration within 30 days after the application is filed. Denial of registration must be preceded by "appropriate notice and opportunity for hearing."

Problem: The requirement that an order denying registration of an exchange must be entered within 30 days after the application is filed has created serious administrative difficulties. It has meant that within that 30-day period the Commission must examine the application to determine whether the rules of the exchange meet the statutory standards, conduct an investigation, order a hearing (allowing adequate notice), conduct a hearing, review the record, and enter an order, all in accordance with the Administrative Procedure Act; and it must also prepare an opinion where this is appropriate.

Remedy in the bill: It is proposed to amend subsection (e) of section 6 to change from 30 to 90 days the period within which the Commission's order granting or denying registration must be entered.

Section 4: Clarification and extension of coverage under margin requirements.

Present law: Section 7(c), which deals with the extension of credit on securities, now applies only to members of a national securities exchange and to brokers and dealers who transact a business in securities through the medium of any such member.

Problem: Under section 15 of the act, brokers and dealers in the over-the-counter market must register as a condition to using the mails and facilities of interstate commerce. Most registered over-the-counter brokers and dealers do some business through the medium of exchange members. Technical questions have arisen as to how much business must be transacted in order to constitute transacting a business in securities through the medium of an exchange member.

Remedy in the bill: In order to obviate the question, it is proposed to amend section 7(c) so that these sections will also apply to registered brokers and dealers.

As noted below, this same problem is also presented by the provisions of sections 8, 11(d) and 14(b) of the statute and a comparable amendment is proposed.

Section 5: To meet the problem discussed under section 4 above, it is proposed to make section 8 of the act, dealing with financial responsibility, applicable to registered brokers and dealers.

Section 6: Integration and expansion of coverage under financial responsibility requirements.

Present law: Section 8(b) is intended to require a broker to limit his "aggregate indebtedness" so that it will not exceed 2000 percent of his "net capital" or such lesser figure as may be prescribed by rules of the Commission.

Under section 15(c)(3) of the statute the Commission has general rulemaking power to provide safeguards with respect to the financial responsibility of over-the-counter brokers and dealers. Pursuant to this section the Commission has adopted rule 15c3–1 (17 CFR 240.15c3–1), which has the same purpose as section 8(b) but which specifies in detail what is to be included in the concepts of "aggregate indebtedness" and "net capital."

Problem: Section 8(b) is ambiguous and not effective as it stands. It takes into account aggregate indebtedness arising only in the ordinary course of business as a broker (not dealer), and some question has been raised as to the scope of the Commission's rulemaking power under this section.

Even rule 15c3–1 is not fully adequate because section 15(c)(3) is applicable only when the broker or dealer is effecting, inducing or attempting to induce a transaction in the over-the-counter market. The rule cannot be made applicable when a broker or dealer effects a transaction on a national securities exchange.

Remedy to the bill: It is proposed to transfer to section 8(b) the provision relating to the financial responsibility of brokers and dealers which now appears in section 15(c)(3) of the act, so that regulations under the new section could be applicable no matter where the transaction is effected.

The Commission's rule 15c3–1 now exempts the members of all exchanges whose rules have been found by the Commission to impose requirements more comprehensive than the Commission's requirements, and no change in this regard is contemplated.

Section 7: Tightening of the provisions relating to the handling of customers' securities.

Present law: Section 8(d) makes it unlawful for a member, broker or dealer to lend a customer's security without the written consent of such customer.

Problem: Section 8(d) does not provide for the segregation of customers' fully paid securities or excess collateral. Some stock exchanges have rules which require members to segregate customers' fully paid securities and excess collateral, but they do not apply to brokers or dealers who are not members of such exchanges.

Remedy in the bill: It is proposed to amend section 8(d) so as to make it unlawful for members, brokers, and dealers to borrow, lend, or hold customers' securities in contravention of rules and regulations prescribed by the Commission to provide safeguards with respect to securities carried for the accounts of customers.

Section 8: Tighten antimanipulation provisions relating to "matched orders."

Present law: Section 9(a) deals with the manipulation of the prices of securities which are registered on national securities exchanges. Clauses (B) and (C) of section 9(a)(1) prohibit manipulation by the use of what are commonly known as matched orders.

Problem: Section 9(a)(1) is designed to prohibit manipulation by arrangements, perhaps among confederates or coconspirators, to enter, buy, and sell orders at substantially the same time for the purpose of creating a false appearance of activity and influencing the price. In order to come within the prohibition, however, the section now requires that the orders must be of substantially the same size, entered at substantially the same time, and at substantially the same price. In *Wright* v. *SEC*, 112 F. 2d 89 (C.A. 2, 1940), the Court gave a restrictive interpretation to the phrase "of substantially the same size," which has precluded subsequent reliance on the statutory prohibitions against manipulation by "matched orders." In view of the fact that stock exchange rules and practices normally result in orders being executed in 100-share lots, the overall size of the buy and sell orders placed by a manipulator at a given time does not determine the effectiveness or misleading character of the manipulation by "matched orders."

Remedy in the bill: It is proposed to delete the phrase "of substantially the same size," without changing the other requirements of section 9(a)(1), including the requirement that activity, in order to constitute a violation, must be for the purpose of creating a false or misleading appearance of active trading in the security or a false or misleading appearance with respect to its market.

Section 9: Tighten general antimanipulation provisions and those relating to stabilization.

Present law: Section 9(a)(2) contains the more general antimanipulative provisions of the section. Section 9(a)(6) authorizes the Commission by rule to regulate the related problem of stabilization of securities.

Problem: As they stand, each of these subsections now requires proof of a "series of transactions." The more detailed rules of the Commission with reference to manipulation and stabilization which have been adopted pursuant to the general antifraud and antimanipulative provisions of the act in section 10(b) apply to individual manipulative or stabilizing transactions, without requiring proof of a series of such transactions. Experience has shown that, where the price at which a large distribution of securities is going to be made is keyed to the market price existing at the commencement of the distribution, as is commonly the case, even one manipulative transaction can affect the overall price paid by the public and received by the distributors by many thousands of dollars.

Remedy in the bill: It is proposed to make sections 9(a)(2) and 9(a)(6) applicable where one or more manipulative or stabilizing transactions is effected. The proposal merely involves the codification in the statute of a principle already in effect under the Commission's rules relating to manipulation and stabilization.

Section 10: Clarification of general antifraud provisions.

Present law: Section 10 contains prohibitions against effecting short sales and against engaging in manipulative or deceptive activities in the purchase or sale of securities, in contravention of Commission rules. Subsection (b) now applies to manipulative or deceptive activities "in connection with the purchase or sale of any security."

Problem: The statute should be amended to make it entirely clear (1) that section 10(b) covers the so-called front money racket, that is, obtaining money from an issuer for alleged services in arranging an underwriting or financing for the issuer, without actually intending to or being in a position to arrange the proposed underwriting or financing, and (2) that the section reaches manipulative and deceptive activities in connection with attempts to buy or sell securities as well as in connection with consummated transactions.

Remedy in the bill: It is proposed to make section 10(b) also applicable to manipulative activities an connection with "any attempt to purchase or sell, any security."

Section 11: Extending coverage of prohibitions relating to extension of credits by members, brokers and dealers on new security issues and of requirements for disclosure of capacity.

Present law: Section 11(d) of the act prohibits a person who is a broker and a dealer (1) from extending credit to a customer on any security which is part of a new issue where, within 30 days, he participated in the distribution of such issue as a member of a selling syndicate or group, and (2) from effecting a transaction with a customer unless he discloses the capacity in which he is acting.

Problem: The requirement that the prohibition against credit extension be applicable only to persons engaged in business both as a broker and a dealer was written into section 11 because it appeared that the combination of the broker and dealer functions in the same person made it possible for a dealer who has undertaken to distribute securities to the public to induce his brokerage customers to buy the securities by offering to extend credit on them; see House Report No. 1383, April 27, 1934, to accompany H.R. 9323, 73d Congress, 2d session, page 22. At that time the Congress contemplated the possibility of complete segregation of the broker and dealer functions and directed the Commission, in subsection (e), to make a study of the problem.

In 1936 the Commission submitted its report to the Congress on "The Feasibility and Advisability of the Complete Segregation of the Functions of Dealer and Broker," in which it advised against a requirement of complete segregation of such functions. Separation of functions no longer appears to be pertinent to the problem of extension of credit on new issues of securities.

Remedy in the bill: It is proposed in the amended section to make such section applicable to members, dealers, and brokers whether or not they combine the two functions.

Section 12: To meet the problem discussed under section 4 above, it is proposed to make section 14(b) of the act, dealing with the giving of proxies in respect of customers' securities, applicable to registered brokers and dealers.

Section 13: Tightening provisions relating to denial or revocation of registration of brokers and dealers.

Present law: In general, section 15(b) of the act provides for the registration of brokers and dealers and for the denial, revocation, withdrawal, and cancellation of such registration.

The fourth paragraph of section 15(b) provides that the Commission shall, after appropriate notice and opportunity for hearing, deny or revoke the registration of any broker or dealer if it finds that such denial or revocation is in the public interest and that such broker or dealer, or any person directly or indirectly controlling or controlled by such broker or dealer, is subject to certain specified disqualifications. Procedurally it also provides among other things, that pending final determination whether any registration shall be denied, the Commission may by order postpone the effective date of registration for a period not to exceed 15 days, but if, after appropriate notice and opportunity for hearing, it appears to the Commission to be necessary or appropriate in the public interest or for the protection of investors to postpone the effective date of registration until final determination, the Commission shall so order.

The disqualifications which are the basis for denial or revocation of registration are contained in clauses (A) to (D) inclusive. Clause (B) sets out a disqualification consisting of conviction within 10 years of a felony or misdemeanor involving the purchase or sale of any security or arising out of the conduct of the business of a broker or dealer. Clause (C) makes certain injunctions a basis for denial or revocation. Clause (D) provides a disqualification for willful violations of the Securities Act of 1933 and the Securities Exchange Act of 1934.

Problem: (1) Persons convicted of certain crimes not now covered in clause (B) should also be ineligible for registration when the Commission finds it is in the public interest to deny or revoke registration. Clause (B) should, consequently, be broadened.

Remedy in the bill: (1) It is proposed that clause (B) be amended so that conviction of any felony or misdemeanor which the Commission finds arises out of the conduct of the business of an investment adviser, or involves embezzlement, fraudulent conversion or misappropriation of funds, securities or other property, or involves a violation of the Mail Fraud Statute, shall also be a basis for denial, suspension, or revocation of registration.

Problem: (2) An injunction arising out of the conduct of business of a broker or dealer or an investment adviser, which is not now covered by clause (C), should also constitute a disqualification, so that the Commission can determine whether it is in the public interest for the person involved to be permitted to engage, or continue, in the securities business.

Remedy in the bill: (2) It is recommended that clause (C) be expanded so that it includes an injunction arising out of the conduct of the business of a broker, dealer or investment adviser.

Problem: (3) Clause (D) does not provide a disqualification when the Commission finds that there has been a willful violation of the Investment Advisers Act of 1940. The Commission, here too, should be permitted to determine whether such a violator may consistent with the public interest engage in the securities business.

Remedy in the bill: (3) It is proposed that clause (D) be amended to provide that willful violation of the Investment Advisers Act of 1940, or any rule or regulation adopted thereunder, also constitutes a basis for denial, suspension or revocation of registration.

Problem: (4) Section 15(b) provides only one ultimate sanction in connection with an effective registration, namely, revocation. When, in the Commission's opinion, this sanction is too drastic, the Commission should be authorized to impose the sanction of suspension. Section 15(b) now provides for suspension but only pending final determination in certain situations. Sections 15A(1), (2) and 19(a)(3) authorize the Commission to impose a sanction of suspension (as an alternative to expulsion) upon a member of a registered securities association or national securities exchange under certain conditions. It is believed that if a similar flexibility in the imposition of sanctions is provided for in section 15(b) the purposes and provisions of the section could be more effectively enforced.

Remedy in the bill: (4) It is proposed that section 15(b) be amended to give the Commission authority to impose a sanction of suspension where it believes that the more drastic sanction of revocation of registration is not necessary.

Problem: (5) The present provision with respect to the temporary postponement of effectiveness of a registration when the Commission proposes to institute proceedings to determine whether to deny registration has proved administratively unworkable. Under the statute an application for registration becomes effective 30 days after filing, and the Commission may postpone effectiveness an additional 15 days. Where the Commission has instituted a denial proceedings it may postpone effectiveness until final determination only after hearing. Consequently when the Commission institutes a denial proceeding it now can postpone effectiveness until final determination only if, within 45 days after the filing of the application, it issues a notice and order for hearing, conducts the hearing, reviews the record, and issues its order of postponement. It frequently becomes a practical impossibility to give adequate notice of the hearing, conduct the hearing, review the record, and enter an order within this limited period. Furthermore, if such an effort were undertaken it would ordinarily be necessary to duplicate the conduct of hearings and the taking of evidence on both the postponement question and the ultimate denial question.

Remedy in the bill: (5) It is proposed to amend section 15(b) to authorize the Commission to extend from 15 to 90 days the period during which it can postpone the effective date of registration. In a period of this length, the Commission could ordinarily conduct its proceeding to determine whether registration should be denied.

Problem: (6) Section 15(b) authorizes the Commission to subject withdrawal of registration to terms and conditions deemed necessary in the public interest or for the protection of investors, but does not provide the conditions under which an application for registration may be withdrawn.

Remedy in the bill: (6) It is proposed to amend section 15(b) to codify the existing administrative practice by providing that an application for registration may be withdrawn only with the consent of the Commission if the request to withdraw the application is received by the Commission after it has commenced a proceeding to deny registration. Aside from the wasted administrative energies and expense that might be involved if withdrawal of an application for registration were allowed after a proceeding is begun, it is usually important to complete the proceeding and make a determination as to whether a statutory disqualification exists because it may be impossible at a later date, when a new application is filed, to obtain the witnesses or evidence to establish the disqualification.

Section 14: Prohibition against over-the-counter trading in a "when issued" or "when distributed" basis in contravention of the Commission's rules.

Present law: Section 12(d) gives the Commission authority to deal by rule with the problems of so-called when-issued trading on a national securities exchange (trading in a security prior to its issuance under contracts providing for delivery and settlement "when, as and if" the security is issued).

Problem: This provision does not apply to trading over-the-counter.

Remedy in the bill: It is proposed that the Commission be given express rule-making authority with respect to "when issued" and "when distributed" trading in the over-the-counter markets. This would be done in a new section 15(c)(3).

The present section 15(c)(3), which relates to the financial responsibility of brokers and dealers, would no longer be necessary as a separate provision since it is now proposed to deal with that subject matter in section 8(b), as explained earlier.

Section 15: Extension of the Commission's authority to suspend trading to the over-the-counter markets.

Present law: Section 19(a)(4) authorizes the Commission, under certain stated conditions, summarily to suspend trading, for specified periods, in any security registered on a national securities exchange.

Problem: Section 19(a)(4) applies only to trading on a national exchange and the Commission has no comparable statutory power as to securities traded only in the over-the-counter market.

Remedy in the bill: It is proposed to add a new section 15(c)(4) which will grant the Commission authority summarily to suspend trading in a security in over-the-counter markets similar to the authority to suspend trading on an exchange granted in the proposed amendment to section 19(a)(4). See section 20 below.

Section 16: Addition of express provisions relating to jurisdiction to determine responsibility for violations in administrative proceedings.

Present law: Section 15A(b)(4) now provides, in general, that a person who was the cause of the entry of an order of suspension, expulsion, denial, or revocation, against a broker or dealer, shall be ineligible for membership in a national securities association, and shall be barred from employment by such a member in certain capacities, unless the Commission otherwise directs, in the public interest.

Problem: The statute is silent as to when, how, and by whom this determination of causation is to be made, and the decision in *Wallach* v. *S.E.C.*, 202 F. 2d 462 (C.A. D.C. 1953), has raised some doubt as to the proper course to be followed in determining this issue.

Remedy in the bill: It is proposed to provide expressly in section 15A(b)(4) that the Commission, or the association or exchange entering the order in question, shall have jurisdiction to determine who was a cause of its order, and to provide for appropriate notice and hearing on the question of causation.

Section 17: Provision for review by the Commission of action by a national securities exchange against registered representatives.

Present law: None.

Problem: Sections 15A(g) and (h) provide for review by the Commission of disciplinary action taken by a national securities association against its members and of denial of membership in such association. The Na-

tional Association of Securities Dealers, Inc., the only national securities association, has provided in its rules, adopted pursuant to section 15A of the statute, for the registration with it as "registered representatives" of certain individuals employed by or associated with its members. Where the association takes disciplinary action against both a member and one or more of its registered representatives, its action may now be reviewed by the Commission under subsections (g) and (h) of section 15A. Because there is no provision in the act for review of disciplinary proceedings against registered representatives, there is serious question whether the association can take action against registered representatives without joining a member.

Remedy in the bill: It is proposed to add a new section 15A(o) to afford registered representatives full rights of review in all cases, whether or not related action is taken against a member.

Section 18: Expansion of the Commission's authority to suspend or withdraw the registration of a national exchange.

Present law: Under section 6 of the act the registration of a national securities exchange may be granted only if its rules contain specified provisions, it is so organized as to be able to comply with the act and the Commission's rules thereunder, and the rules of the exchange are just and adequate to insure fair dealing and to protect investors. Section 19(a)(1) of the act authorizes the Commission to suspend or withdraw the registration of a national securities exchange for violation of the act or the Commission's rules thereunder, or for failure of the exchange to enforce compliance therewith by a member or by an issuer of a security registered thereon.

Problem: The Commission is not, but should be, authorized to suspend or withdraw the registration of a national exchange if the exchange has ceased to meet the requirements for original registration, viz., if the exchange is no longer so organized as to be able to comply with the provisions of the Securities Exchange Act and the rules and regulations thereunder, or if the rules of the exchange are not just and adequate to insure fair dealing to protect investors.

Remedy in the bill: It is recommended that section 19(a)(1) be expanded so that the Commission would be authorized, after appropriate notice and opportunity for hearing, to suspend or withdraw the registration of a national securities exchange when the exchange has ceased to meet the requirements for original registration.

Sections 19 and 20: Expansion and clarification of the Commission's authority to suspend trading in any registered security on a national securities exchange.

Present law: Section 19(a)(2), which empowers the Commission, after opportunity for hearing, to deny, suspend or withdraw the registration of a security on a national exchange, does not authorize the Commission to suspend trading in a security which still retains its registered status. Section 19(a)(4) authorizes the Commission, under stated circumstances, summarily to suspend trading on a national exchange in any registered security for a period not exceeding 10 days, or, with the approval of the President, summarily to suspend all trading on any national exchange for a period not exceeding 90 days.

Problems: (1) During the pendency of proceedings under section 19(a)(2) to determine whether to deny, suspend, or withdraw the registration of a security on a national exchange the Commission has exercised its summary power to suspend trading under section 19(a)(4). Since this power to suspend is limited to a period of 10 days, the Commission has followed the practice of issuing a series of consecutive orders under section 19(a)(4); but this practice has required a new determination every 10 days of the necessity of continuing the suspension under the standards of that section. Such periodic review and series of orders should be unnecessary to suspend trading during the course of a proceeding under section 19(a)(2).

(2) Generally, the power under section 19(a)(4) summarily to suspend trading in a particular security has been exercised where sudden changes of circumstances make it appear that the information available to the public about a security is misleading or inadequate to permit investors to make an informed judgment with respect to the purchase or sale of the security, so that there is a possibility for fraud, and it appears that the additional necessary information can be obtained and made available to investors. Sometimes the necessary information cannot be obtained and made available in the 10-day period, and the Commission has had to renew the suspension for one or more additional periods not exceeding 10 days. However section 19(a)(4) does not expressly provide such authority.

Remedy in the bill:

(1) The proposed amendment to section 19(a)(2) would eliminate the necessity of resorting to a series of successive 10-day suspensions under section 19(a)(4) during the pendency of a proceeding under section 19(a)(2) and would empower the Commission temporarily to suspend trading in a security pending determination of a proceeding under section 19(a)(2).

(2) The proposed amendment to section 19(a)(4) would codify the Commission's interpretation that it has the power to renew temporary suspensions for one or more additional periods not exceeding 10 days each.

Section 21 would amend the caption of section 20 of the act.

Section 22: Clarification of provisions relating to prohibited activities.

Present law: Section 20(b) makes it unlawful for any person, directly or indirectly, to do any act or thing which it would be unlawful for such person to do under the provisions of the act or the rules and regulations thereunder through or by means of any other person.

Problem: Section 20(b) is ambiguous, and there may exist some doubt as to the Commission's authority to obtain an injunction, or impose administrative sanctions, against persons aiding or abetting violations of the act.

Remedy in the bill: The proposed amendment would remove the ambiguity and specifically provide that it is unlawful for any person to aid, abet, counsel, command, induce, or procure any violation of the act or rule or regulation thereunder by any other person.

Section 23: Clarification of the Commission's authority to conduct investigations.

Present law: Section 21(a) authorizes the Commission to conduct investigations to determine whether any person "has violated or is about to violate" any provision of the act, or any rule or regulation thereunder.

Problem: Section 21(a) does not specifically provide for an investigation to determine whether any person "is violating" the act or any rule or regulation thereunder, although the section obviously encompasses an inquiry for the purpose.

Remedy in the bill: The proposed amendment would add the phrase "is violating" to section 21(a).

Section 24: Implementation of provisions relating to the enjoining of violations, and enforcing of compliance with the act.

Present law: Section 21(e) authorizes the Commission to institute a judicial action to enjoin violations upon a showing that any person "is engaged or about to engage" in unlawful activities. Section 21(f) provides for the issuance of writs of mandamus commanding any person to comply with the act.

Problem: As pointed out, in connection with section 20 of the Securities Act of 1933, clarification is necessary in connection with past violations as a basis for injunctions.

The reference to mandamus contained in section 21(f) should be eliminated in view of the fact that the Federal Rules of Civil Procedure have abolished the writ as a separate and distinct type of action, and provision for mandatory relief by an appropriate order should be included in the injunctive provisions of the statute; that is, section 21(e).

Remedy in the bill: The proposed amendment would add in section 21(e) the phrase "has engaged" to insure that an injunction may be obtained in an appropriate case, and add a provision giving the Commission authority to seek enforcement of compliance with the act or any rule and regulation or Commission order thereunder.

Section 25: Addition of provisions for appointment of receiver and the application of Federal Bankruptcy Act.

Present law: Where the Commission institutes an injunctive action against an insolvent broker or dealer, the court may appoint a receiver under its inherent powers as a court of equity, but no express provision for the appointment of a receiver is contained in the act.

Problem: As the law now stands such a receivership may be governed by State law, rather than by the standards which the Congress has written into the Federal Bankruptcy Act with reference to bankrupt stock brokers. It is anomalous for State law, rather than Federal law, to be applicable in a proceeding of this type instituted by a Federal agency in a Federal court, particularly in view of the fact that the Congress has dealt specifically and in detail with the problems of bankrupt stock brokers in section 60e of the Bankruptcy Act.

Remedy in the bill: It is proposed to provide in section 21(f) that, if the court has jurisdiction over an insolvent broker or dealer in an injunctive action under section 21(e), it may upon application of the Commission adjudge such broker or dealer a bankrupt if it finds that he is unable to meet his debts as they mature and that such a receivership shall be administered as provided in the Bankruptcy Act.

As pointed out in the discussion under the preceding section, the reference to writs of mandamus now contained in section 21(f) would be deleted, since a comparable remedy would be provided in the amended section 21(e).

Sections 26 and 27 would change the references in section 25(a) and 27 to the United States Code to reflect modifications made in the numbering of its pertinent provisions.

Section 28: Revision of provisions relating to the validity of contracts.

Present law: Section 29 provides that contracts made in violation of the act shall be void in certain respects. It contains exceptions, one being that no contract shall be void because of violation of any rule under section 15(c)(3), which authorizes the Commission to adopt rules to provide safeguards with respect to the financial responsibility of brokers and dealers. It does not provide any such exception for contracts to violation of section 8(b), the other provision of the act dealing generally with financial responsibility.

Problem: It is proposed to consolidate sections 8(b) and 15(c)(3) and to designate the consolidated provisions as section 8(b). Since the consolidated provision may be more closely akin to the present section 15(c)(3) than the present section 8(b), the policy already indicated by the Congress in section 29 should be adhered to and provision made that no contract shall be void

because of violation of any rule under section 8(b).

Remedy in the bill: The proposed amendment would provide that no contract shall be void by reason of section 29(b) because of any violation of any rule or regulation under section 8(b), and would delete the reference to section 15(c)(3).

Section 29: Revision of provisions relating to penalties.

Present law: Subsection (c) of section 32 provides that the criminal penalties prescribed therein shall not apply to violations of the Commission's rules regarding financial responsibility of brokers and dealers under present section 15(c)(3) with certain stated exceptions.

Problem: The proposed amendments relating to sections 8(b) and 15(c)(3) of the act which consolidate in section 8(b) the provisions regarding financial responsibility of brokers and dealers make the reference to section 15(c)(3) inappropriate. In addition, this section should be redesignated in view of section 30 of the bill, which will add a new section 32(c) to the act.

Remedy in the bill: The present section 32(c) would be redesignated as section 32(d). Reference to section 8(b) would be substituted for the present reference to section 15(c)(3).

Section 30: Additional enforcement measures for failure to comply with reporting requirements of the act.

Present law: Section 32(a) provides criminal penalties for willful violations of any provisions of the act or any rules or regulations thereunder. Section 32(b) provides for a forfeiture of $100 for each day for delinquent reports required pursuant to an undertaking provided in section 15(d) of the act. That section requires that a registration statement filed pursuant to the Securities Act of 1933 shall contain an undertaking by the issuer to file the same reports required pursuant to section 13 of issuers with listed securities, if the offering price of the securities covered by the registration statement plus the aggregate value of other securities of the same class amounts to $2 million or more. The $100 a day forfeiture provided in section 32(b) is in lieu of any criminal penalty which might be deemed to arise under section 32(a).

Problem: As already indicated, the $100 a day forfeiture for delinquent reports is applicable only to limited filings required under the act. The imposition of a comparable assessment generally would strengthen the enforcement techniques available to the Commission to assure timely filings as required by the statute or the rules thereunder.

Remedy in the bill: The proposed new section 32(c) would authorize the Commission in its discretion to recover on behalf of the United States $100 per day for the failure to file any information or reports required by the act or rules thereunder for each and every day such failure to file continues beyond the time prescribed for the filing or beyond any time extension granted by the Commission. This payment would not be in lieu of any criminal penalty under section 32(a).

Section 31: Prohibitions against larceny and embezzlement.

Present law: The act now contains prohibitions against fraudulently obtaining customers' funds or securities, but does not contain an express prohibition against embezzling or converting them.

Problem: The distinction between fraudulently obtaining customers' funds or securities and embezzling or converting them is a thin and technical one. It may depend upon the technical question of whether the defendant is assumed to have had a wrongful intent at the time when he induced a customer to entrust securities to him in connection with a securities transaction, or whether the idea of converting the securities first occurred to him after he got possession.

Remedy in the bill: It is proposed to add a new section, designated section 35, which would prohibit any exchange member, broker or dealer, or any other person from wrongfully taking, converting, or embezzling money or securities of, or entrusted to the care of, any member of a national securities exchange, any broker or dealer who transacts business through the medium of such member, or any registered broker-dealer. A somewhat similar provision now appears in the Investment Company Act of 1940.

S. 1180. A bill to amend certain provisions of the Trust Indenture Act of 1939, as amended.

The statement accompanying Senate bill 1180 is as follows:

AMENDMENTS TO THE TRUST INDENTURE ACT OF 1939

GENERAL OBJECTIVES OF STATUTE

In general the Trust Indenture Act of 1939 requires that bonds, notes, debentures, and similar securities publicly offered for sale, except as specifically exempted by the act, be issued under an indenture which meets the requirements of the act and has been duly qualified with the Commission. The act requires the indenture to be qualified, to designate standards of eligibility and qualification of the corporate trustee, to outlaw exculpatory provisions with respect to the liability of the indenture trustee, and to provide provisions by which the securities issued thereunder may be protected and enforced.

WHAT THE BILL WOULD DO

The amendments embodied in the bill are recommended by the Securities and Exchange Commission, which is of the opinion that such changes will materially assist in the enforcement of the statute without altering its basic provisions and purposes. In brief, the proposed amendments would (1) conform the provisions relating to the size of offerings which are exempted from registration to amendments proposed in the Securities Act of 1933, (2) would extend the time within which certain applications for exemption from the act might be filed, and (3) would provide an administrative remedy during the entire period following the filing of the application for qualification and before its effective date. The specific amendments by which such changes would be effected are explained more fully below.

EXPLANATION BY SECTIONS

Section 1—Increase of exemption from $250,000 to $500,000

Present law: Section 304(a)(8) presently exempts any security to be issued otherwise than under an indenture in an aggregate principal amount not to exceed $250,000 within a period of 12 consecutive months.

Problem: Since it is proposed to increase the exemption in section 3(b) of the Securities Act of 1933 from $300,000 to $500,000, the Commission believes that a similar increase should be made in the subject exemption.

Remedy in the bill: To accomplish the foregoing result it is proposed to amend section 304(a)(8) to strike out the $250,000 figure and insert in lieu thereof $500,000.

Section 2—Extension of time within which to file applications for exemption

Present law: Section 304(c) of the Trust Indenture Act of 1939 presently permits the filing of an application for exemption from provisions of the act where the change in an indenture would require the consent of holders of securities outstanding under the indenture or would impose an undue burden on the issuer having due regard to the public interest and the protection of investors. However, this application may be filed only if there are outstanding at the time of filing securities which were outstanding prior to or within 6 months after August 3, 1939.

Problem: In anticipation of the fact that the opportunity to file application for exemption would some day expire, most companies have inserted such provisions of the act in their indenture to become effective when such old indenture securities are no longer outstanding. However, in some cases there was a delay in inserting such provisions, so that there may be a period of time when such a company would be unable to do mortgage financing because of its inability to comply with certain provisions of the act under the standards of this provision.

Remedy in the bill: In order to afford such companies an opportunity to bring their indentures fully into compliance with the act without undue hardship, the Commission proposes to amend such provision so as to extend the time of filing applications for exemption thereunder if securities were outstanding when the application is filed which were outstanding on January 1, 1959.

Section 3—Administrative remedies

Present law: Section 305(b) of the Trust Indenture Act of 1939 presently authorizes the Commission to enter an order in accordance with section 8(b) of the Securities Act of 1933 if it finds after notice and opportunity for hearing that the security is not to be issued under an indenture, that the indenture does not conform to the requirements of sections 310 to 318 of the act, or any person designated as trustee under the indenture is not eligible or qualified under section 310 of the act.

Problem: Section 8(b) of the Securities Act of 1933 requires that the administrative proceeding be instituted not later than 10 days after the filing of the registration statement and the opportunity for hearing must be afforded within 10 days after such notice.

Administrative experience has shown that section 8(b) does not permit sufficient time within which to examine the material filed and to institute the proceeding. Accordingly, the Commission is left without an effective administrative remedy unless the applicant for some reason files an amendment which would constitute a new filing date.

Remedy in the bill: The Commission recommends that section 305(b) be amended to eliminate the reference to section 8(b) of the Securities Act of 1933 and to authorize the institution of such administrative proceedings at any time prior to the effective date of the registration statement, which hearing shall be held within 15 days after such notice.

S. 1181. A bill to amend certain provisions of the Investment Company Act of 1940, as amended.

The statement accompanying Senate bill 1181 is as follows:

AMENDMENTS TO INVESTMENT COMPANY ACT OF 1940

GENERAL OBJECTIVE OF STATUTE

The general objective of the Investment Company Act is to protect the public and investors against malpractices in the control, management, and operation of publicly owned investment companies. The statute seeks in general to secure honest and unbiased management of investors' funds; to give security holders a substantial voice in the company and in the selection of management; to insure sound and feasible capital structures; to assure fairness in all transactions betwen affiliated persons and the company; and to see that shareholders are provided with informative, periodic financial re-

ports. The statute contains provisions for enforcement by the Commission through administrative and injunctive action and for the referral of information concerning violations to the Department of Justice for criminal prosecution.

WHAT THE BILL WILL DO

The amendments embodied in the bill are recommended by the Securities and Exchange Commission as desirable to further the basic intent and objectives of the statute.

These recommendations for changes in the Investment Company Act of 1940 are, for the most part, limited to the clarification of certain provisions, the elimination of inconsistencies, changes to achieve the obvious intent and purpose of a particular provision and conformance of references of other statutes. In several instances, however, substantive amendments are recommended which are considered highly desirable in order to effectuate the purposes and policy of the statute. The Commission has not, nevertheless, made any broad or sweeping recommendations which might involve an extension of the Commission's present supervision over investment companies and their affiliates or which would involve substantially greater limitations upon the management of investment companies.

Briefly, the more significant of the proposed amendments would (1) require the statement of policy of a registered investment company, which cannot be changed without the consent or approval of the holders of a majority of the voting securities, to include its fundamental investment objectives and investment characteristics; (2) strengthen the statutory provisions requiring that at least 40 percent of the members of the board of directors be persons who have no pecuniary interest in the operations and management of the investment company and who are not part of its operating staff; (3) require that if an investment company chooses to keep its securities and investments in the "custody of a bank" such custodianship shall include the cash assets of the investment company; (4) impose limitations upon the proportion of common or preferred stock that may be acquired by face-amount certificate companies issuing fixed obligations (face-amount certificates) to prevent such obligations from becoming unduly speculative; (5) clarify and make more meaningful the definition of an "advisory board" of an investment company and the substantive provisions requiring such a board to have a certain number of independent members; (6) clarify certain exceptions to the definition of an investment company required to register under the act; (7) eliminate the exception from the definition of an investment company for a company subject to regulation under the Interstate Commerce Act when this Commission finds and by order declares that such company is primarily engaged in the business of investing, reinvesting, owning, holding or trading in securities; and (8) clarify the term "depositor" and "share of stock" used in the statute by adding specific definitions of these terms.

Section 1—Modification of the status of an advisory board of an investment company

Present law: "Advisory board" of an investment company is defined in section 2(a)(1) of the Investment Company Act as a board (1) which is distinct from the board of directors or board of trustees; (2) which has advisory functions but no power to determine that any security or other investment shall be purchased or sold; and (3) which is composed solely of persons who do not serve such company in any other capacity.

Problem: The latter qualifying provision has created a problem because it appears to be in the nature of a regulatory provision rather than a descriptive provision.

Section 10(g) provides that the same limitations of section 10 applicable to the composition of the board of directors of a registered investment company shall apply to an advisory board. For example, not more than 60 percent of the members of an advisory board may be affiliated persons of the investment adviser under section 10(a) as made applicable by section 10(g).

Through the use of an investment advisory committee or an advisory group of consultants rather than a board and through the appointment on such committee or group of an officer or employee who does serve such company in any other capacity, it has been contended that the resulting committee or group is not an advisory board within the terms of section 2(a)(1) and, consequently, that the limitations of section 10(g) do not apply. If this were true it would be simple for an investment company to avoid having its advisory committee deemed an advisory board within the meaning of the act. Thus, persons in an advisory position with the investment company and who should be considered affiliated persons of the investment company would not be so considered and would not be subject to such important provisions of the act as those contained in section 10(f) and section 17 relating generally to prohibitions with respect to transactions by an investment company involving an affiliated person. Whether or not an advisory board exists would in this manner rest entirely within the discretion of the investment company.

Although the Commission has handled this problem administratively by insisting that a company may not represent in its prospectus that it has an advisory board, or its equivalent, unless the board actually meets the definition of section 2(a)(1), the statute should be amended to make it more workable and meaningful.

It is also to be noted that because the present definition of advisory board in the statute refers to a board which is composed solely of persons who do not serve such company in any other capacity, the membership of such a board is in effect subject to greater statutory restrictions than the membership of the board of directors.

Remedy in the bill: This change would bring all investment advisory boards, committees, and groups within the definition of "advisory board." Under section 10(g), the same limitations applicable to the board of directors of the investment company would be applicable to the members of such advisory boards. There appears to be no sound reason for an advisory board, which has only advisory functions, to have any greater quantum of independent directors than the board of directors itself which has the actual power to make decisions and take action.

On the other hand there would be a specific exclusion for committees composed solely of directors, officers, or employees of an investment company or of its investment adviser. There is no intention that such management or executive committees be affected by the provisions applicable to advisory boards.

Section 2—Definition of "depositor" of an unincorporated investment company

Present law: The term "depositor" is not defined in the statute.

Problem: The term "depositor" is used in various sections of the act, including sections 2(a)(3), 7(b), 9(a), 10(b), 26 and 27. Although the meaning of "depositor" is ascertainable from the context in which it is used and may also be derived from the legislative history of the act, it would seem advisable to have an express definition of the term. The word was most frequently used, prior to the enactment of the statute, to describe the person or company causing the formation of a fixed trust or semifixed trust during the period when these types of investment trusts were popular. It is used in the statute to describe the person or company promoting, sponsoring, or administering any unincorporated fund or trust constituting an investment company, or who as sponsor or manager of such fund or trust deposits portfolio assets with the trustee or custodian of the fund or trust or who may direct the deposit of additional or substituted securities and the elimination of deposited securities.

Remedy in the bill: The term would be defined as indicated above. Since a trustee or custodian designated in accordance with the provisions of section 26 of the act may, in some cases, be responsible for one or more of such functions, the definition would specifically exclude them.

Section 3—Definition of term "share of stock"

Present law: The term "share of stock" is not defined in the statute.

Problem: Reference is made in several provisions of the act to shares of stock, stockholders, and to stock. Sections 12(d), 18(i), 23(b), and 30(d) contain such terms. While it is apparent that the statutory purpose cannot be avoided by designating a security by some other name, the question has arisen in a sufficient number of cases to suggest the advisability of making it expressly clear that the term "shares of stock" means any security similar in nature to an equity security. The term "security" as now defined includes certificates of beneficial interest, shares in a fund or trust, participation in profit-sharing arrangements, and investment contracts.

The terms "stockholder" and "stock" would in effect be covered by the same proposed definition.

Remedy in the bill: The term would be defined as meaning any security similar in nature to an equity security.

Section 4—Elimination of reference to the Philippine Islands and Alaska in the definition of "State"

Present law: Section 2(a)(37) of the act defines the term "State" to include any State of the United States and in addition, among others, the Philippine Islands and Alaska.

Problem: The Philippine Islands are no longer a possession and Alaska is now a State.

Remedy in the bill: The amendment would delete these references.

Section 5—Modification of exception from the act for company engaged in banking, insurance, small loans, factoring, discount or real estate business

Present law: Section 3(c)(7) of the act provides an exception for—

"(7) Any company primarily engaged, directly or through majority-owned subsidiaries, in one or more of the businesses described in paragraphs (3), (5), and (6), or in one or more of such businesses (from which not less than 25 per centum of such company's gross income during its last fiscal year was derived) together with an additional business or businesses other than investing, reinvesting, owning, holding or trading in securities."

Problem: If taken literally, this section would provide an exception for a company primarily engaged, directly or through majority-owned subsidiaries, in one of the following:

(a) The banking or insurance company business. Section 3(c)(3); or

(b) The small loan business. Section 3(c)(5); or

(c) The commercial discount, factoring or real estate business. Section 3(c)(6).

Yet each of these provisions, that is, section 3(c)(3), (5) and (6), has a test which is

greater than the test of "primarily engaged." Section 3(c)(3), for example, refers to an insurance company, which in section 2(a)(17) is defined as a company, organized as an insurance company, whose "primary and predominant" business activity is writing insurance or reinsuring risks and which is supervised by a state official or agency. Section 3(c)(5) refers to a company "substantially all of whose business" is the small loan business. Section 3(c)(6) has the primary engagement test but excludes face-amount companies and periodic payment plans.

The specific exceptions with their stricter tests are obviously the ones intended rather than the more generalized and indirect exception of section 3(c)(7). This has been the Commission's interpretation following ordinary rules of statutory construction. The section, however, should be revised to make this clear and yet carry out the intention to exempt a company which does business, directly or through majority-owned subsidiaries, in the financial fields of banking, insurance, small loans, factoring and mortgages but which may fall within the definition of investment company under section 3(a)(3) because it deals in "securities" and "securities" constitute its major assets. On the other hand, where a company engages in a number of such activities and also engages in the business of investing, reinvesting, owning, holding or trading in securities to a significant extent, it should not be entitled to the exception of section 3(c)(7). This follows the approach taken in section 3(c)(5), the exception for small loan companies.

Remedy in the bill: Section 3(c)(7) would be amended to limit the exception to a company substantially all of whose business consists of one or more of the businesses described in section 3(c)(3), (5) and (6) and to add a proviso to exclude face-amount companies and periodic payment plans in the case of section 3(c)(6) businesses.

Section 6—Modification of exception from the act for a company, 90 percent or more of whose securities are those of single issuer of certain types

Present law: Section 3(c)(8) contains an exception for a company 90 percent or more of the value of whose investment securities are those of a single issuer included within a class of persons enumerated in section 3(c)(5), (6) or (7).

Problem: (1) One question this provision raises is whether this exception is intended to include a company holding securities of a bank or insurance company included in section 3(c)(3) by virtue of the reference to section 3(c)(7) which in turn contains a reference to section 3(c)(3). It can be argued that if this were intended, then section 3(c)(3) should have been specified because paragraphs (5) and (6) were specifically stated in section 3(c)(8) and yet are also specified in section 3(c)(7).

Remedy in the bill: (1) To remove this doubt, it is proposed to amend the section to include a specific reference to paragraph (3).

Problem: (2) In addition, the Commission is doubtful whether the type of company excepted by section 3(c)(8) is entitled to an exemption from the act any more than a company all of whose security holdings are those of an industrial or commercial corporation, but which could not qualify for an exemption under section 3(b)(1) or 3(b)(2) because not primarily engaged through such holdings in such industrial or commercial business. This seems to be an unwarranted inconsistency. In both types of situations, the essential purpose of the company is that of investing in securities and deriving its earnings from that investment. It is to be distinguished from the holding company situation where the company is, in effect, engaged in a business through its controlled company.

Remedy in the bill: (2) It is proposed that section 3(c)(8) be modified to provide that the exception is only available where the single issuer whose stock is held by the holding company is also a company controlled by the holding company.

Section 7—Modification of exception for company subject to regulation under the Interstate Commerce Act

Present law: Section 3(c)(9) contains an exception from the act for any company subject to regulation under the Interstate Commerce Act.

Problem: The intent of section 3(a)(9) in providing an exception from the act was to avoid subjecting a railroad or a railroad holding company to dual regulation under both the Interstate Commerce Act and the Investment Company Act. As written the section may be used, and has been used, by companies which are essentially investment companies to escape the more pertinent, if more pervasive, regulation under the Investment Company Act by subjecting themselves to the limited regulation under the Interstate Commerce Act designed for different purposes.

In fact, regulation by both the SEC and the Interstate Commerce Commission (ICC) of such a company which is primarily an investment company but which is also the holder of railroad securities would involve little, if any, duplication or conflict, and the burdens thereof, if any, would be minimal. It is anomalous that section 3(c)(9) which was designed to protect stockholders of a railroad holding company against the possible burden of dual regulation can be used by the management of the company at its will, even though it is essentially an investment company, to deprive these stockholders of the protections and safeguards of the Investment Company Act.

The most significant case in point is the Alleghany Corp. matter which is described in the Commission's reports to the Congress for the fiscal years ended 1955 (pp. 101–102), 1956 (pp. 188–189), and 1957 (pp. 165–166). The bulk of the assets of this company has consisted of investment securities, including a large investment in Investors Diversified Services, Inc., an investment company itself which controls or manages, directly and indirectly, $2½ billion of investors' funds. A relatively smaller investment of Alleghany Corp. has been its holdings of New York Central Railroad stock. Because of its control over the railroad, and in connection with a transaction involving the railroad system, Alleghany Corp. was deemed to be a carrier and subjected to certain regulation by the ICC under the Interstate Commerce Act. Thus, Alleghany became entitled to an exception from the Investment Company Act although its business by far was, and has been, that of an investment company.

Remedy in the bill: It is proposed to modify section 3(c)(9) to provide that the exception shall not apply to a company which the Commission finds and by order declares to be primarily engaged in the business of investing, reinvesting, owning, holding, or trading in securities.

Section 8—Clarification of exception for holding company registered under Public Utility Holding Company Act of 1935

Present law: Section 3(c)(10) excepts any company from the definition of investment company if it has a registration in effect as a holding company under the Public Utility Holding Company Act of 1935.

Problem: This exception was necessary in view of the broad and detailed regulation provided under that act. Certain public utility holding companies, although registered under that act, have obtained exemption from regulatory provisions of that act under section 3 thereof. To all intents and purposes such exempt holding companies are not subject to that act and are, therefore, not excepted from the Investment Company Act. The Commission, however, recommends that any possible question of the necessity for their registration under the Investment Company Act be removed.

Remedy in the bill: It is proposed to exclude from the exception for registered public utility holding companies, those which have been exempted under section 3 of the Holding Company Act.

Section 9—Change in a reference to another statute which has been amended

Present law: Section 3(c)(13) refers to section 165 of the Internal Revenue Code, as amended.

Problem: Section 165 has become section 401 of the Internal Revenue Code of 1954. This section of the Code covers the subject of the requirements for qualified stock bonus, pension, and profit-sharing trusts.

Remedy in the bill: The indicated substitution is proposed.

Section 10—Modification of definition of "diversified investment company"

Present law: Section 5(b) classifies management investment companies as diversified or nondiversified companies. This is necessary because certain substantive requirements apply to diversified companies. For example, such companies may not change their policy and become nondiversified without a majority vote of stockholders.

In order to qualify as a diversified company, at least 75 percent of the value of the total assets of a company must be represented by (a) cash and cash items, (b) Government securities, (c) securities of other investment companies, and (d) other securities limited in respect of any one issuer to not more than 5 percent of the value of the total assets of the investment company and 10 percent of the voting securities of such issuer.

Problem: A company may have its entire portfolio or a major portion of its portfolio in the securities of other investment companies. The extent of diversification of the portfolio investment company in this case is significant. If the portfolio company is nondiversified, the investing company is essentially nondiversified as well, although it would be technically classified as diversified. This result is one which was not intended.

Remedy in the bill: Section 5(b)(1) would be amended to provide that the securities of other investment companies which can be included within the 75 percent of assets required to be diversified must be securities of diversified investment companies.

Section 11—Elimination of references to the Philippine Islands and Alaska in certain exemptions from the act

Present law: Section 6(a)(1) exempts from the act companies organized and doing business in the Philippine Islands and Alaska so long as they sell none of their stock in any other State.

Problem: The exemption is inappropriate since the Philippine Islands are no longer a possession and Alaska has become a State.

Remedy in the bill: The indicated deletions are proposed.

Section 12—Strengthening the provisions relating to the recitals of investment policy

Present law: Section 8(b)(1) requires every registered investment company to file a registration statement including a recital of the policy of the company regarding various important subjects. These involve such matters as diversification, redeemability of its securities, borrowing money, concentration of investments in any particular industry, and making loans. Under section 13(a) these policies may not be changed unless authorized by a majority vote of the company's stockholders.

Problem: Omitted from the list of subjects as to which policies are to be declared by the investment company is the basic investment objectives and characteristics of the investment company despite the fact that this is one of the most significant factors for the public investor to consider.

Whether an investment company is a balanced fund, a bond fund or a common stock fund is so important that financial publications and financial services analyzing or describing investment companies treat such companies in separate categories. Whether the investment company represents that its investment objective is primarily capital appreciation or income is of the same order of significance. Other primary investment objectives such as investments in controlled companies, investments in special types of securities or in particular geographical areas are also of great concern.

Nevertheless, if a company does not choose to treat these objectives or characteristics as fundamental under section 8(b)(2), it may change its policy as to them without obtaining the consent or approval of its stockholders.

Such subjects are of at least equal importance with the matters required to be stated under section 8(b)(1) and should therefore be required to be set forth as a statement of fundamental policy which cannot be changed without the consent of stockholders holding a majority of the stock. In recommending this legislation, it is not the intention of the Commission to impede management or restrict management beyond requiring the approval of stockholders for significant changes in investment policy.

Remedy in the bill: It is proposed to amend section 8(b)(2) to require a recital of policy in respect of the types of securities in which the company intends to invest; investment objectives as to income or capital appreciation, if it intends to emphasize such objectives; geographical areas of investment, if any; and investment for control or management. Appropriate reservation of freedom to invest in so-called defensive securities may be made under the amendment.

An accompanying amendment is proposed in section 13(a)(3) to prohibit any change or deviation from the statement of policy in this regard without a majority vote of stockholders. See section 16 herein.

Section 13—Strengthening provisions relating to affiliations of directors and requiring certain percentage of independent directors

Present law: Section 10 (a), (b), and (c) have the general purpose of assuring that an investment company will have a certain number of "independent" directors on the board of directors. Section 10(a) is designed to assure that at least 40 percent of the members of the board will be persons who have no pecuniary interest in the management of the investment company and who are not part of its operational staff. Thus, this section provides that not more than 60 percent of the directors shall be officers, employees, or investment advisers of the investment company, or affiliated persons of an investment adviser of the investment company.

Section 10(b) goes further in providing that a majority of the board may not be directors who are regular brokers or principal underwriters of the investment company or who are investment bankers. These provisions also cover affiliated persons of these persons. Section 10(c) provides that a majority of the board may not be officers or directors of any one bank.

Problem: Despite the elaborate limitations of these provisions, because of the limited scope of section 10(a) and the fact that sections 10(a) and 10(b) are not keyed together, it is possible to have a board composed of no "independent" directors. For example, a board of five members could consist of three officers and two regular brokers for the company, or three officers and two principal underwriters for the company, or three officers and two 4.9 percent stockholders of the investment adviser or three officers and two controlling persons of the investment company. Other variations are possible. The legislative history makes it clear that it was intended that there be a few disinterested directors to act as "watchdogs" over the conduct of management.

Stockholders of the investment adviser, including those with less than a 5-percent interest, regular brokers and principal underwriters for the investment company and controlling or controlled persons of the investment company, adviser and underwriter and their affiliates are so closely related to the management that they cannot be deemed to be truly disinterested. They normally have a personal stake in the management and can hardly be considered to be "independent" directors.

In order to effectuate fully the policy of section 10(a), the above-mentioned classes and their affiliated persons should be placed in the same category as officers, employees and the investment adviser of the investment company. In recognition of the view that regular brokers for the company may not be as closely related to the management of the company as the other persons mentioned, the Commission believes that a lesser limitation may be imposed as to them. In addition, a director of a controlling or controlled company should not be deemed a "management" director merely because of his directorship since he may be, in fact, one of the "independent" directors who is also selected as one of the "independent" directors of a parent or subsidiary company.

Remedy in the bill: The proposed amendment places in the 60-percent category, along with officers, employees and the investment adviser, the persons mentioned above except regular brokers and their affiliated persons. It then provides that such persons, together with regular brokers and their affiliated persons, may not exceed 80 percent of the membership of the board. Thus, at least, one person of a board of five or less and at least two persons of a board from six to ten would have to be individuals other than those named above.

Section 14—Clarification of status of underwriter subsidiary of investment company

Present law: Section 12(d) prohibits an investment company from making certain acquisitions of securities of (1) any other investment company, (2) any insurance company, or (3) any broker, dealer, underwriter, or investment adviser. An exception is permitted in the case of persons named in paragraph (3) provided that the company is (A) a corporation all the securities of which are owned by one or more registered investment companies and (B) is primarily engaged in the underwriting or brokerage business. Concomitant with this exception, exceptions have also been incorporated in provisions dealing with transactions of affiliated persons: sections 10(f), 17(a), and 17(d).

Section 10(f) prohibits an investment company from buying a security during the existence of an underwriting syndicate, where certain affiliated persons are acting as principal underwriter of such security. Excepted from the category of principal underwriter is a company of the character described in section 12(d)(3)(A) and (B). Section 17(a) prohibits purchases and sales of securities between affiliated persons and an investment company and certain borrowings. Section 17(d) covers transactions in which affiliated persons and an investment company are joint or joint and several participants. A section 12(d)(3)(A) and (B) company is also specifically excepted from these sections.

Problem: These exclusions, however, appear to extend further than intended. An underwriter subsidiary should, of course, be able to deal with its parent companies either during the course of an underwriting (10(f)) or by purchase and sale of securities (17(a)) or in a joint venture (17(d)). However, the exclusion of the underwriter subsidiary from these sections is expressed in absolute terms and, if literally taken, might be said to exclude from the purview of sections 10(f), 17(a), and 17(d) transactions between the underwriter subsidiary and a registered investment company which is not its parent but affiliated in some other manner. There is no logical reason for the exclusion to go this far. In addition, the absolute terms of the exclusion also raises the question as to whether affiliated persons of the underwriter subsidiary fall within the category of affiliated persons of an affiliated person of a registered investment company and thus subject to the prohibitions of section 17(a) and 17(d). This would be a meaningless exclusion. No rational ground appears for distinguishing such affiliated persons from affiliated persons of other types of subsidiaries of the investment company who are admittedly covered by the language of sections 17(a) and 17(d).

It would appear appropriate that any questions of interpretation such as indicated above be resolved by expressing the policy and intention of the statute in clear terms. The suggested amendments to sections 10(f), 17(a), and 17(d), it is believed will do this and will still afford to underwriter subsidiaries of investment companies the appropriate exemptions they are entitled to have.

Remedy in the bill: Section 10(f) would be amended to limit the exclusion of the underwriter subsidiary only when the registered investment company involved is a parent of the underwriter subsidiary. Section 17(a) would be amended by deleting references therein to the underwriter subsidiary and a new paragraph would be added to section 17(c) to permit specifically the underwriter subsidiary to deal with its parent investment company. See sections 17 and 18 herein. Section 17(d) would be amended in a similar manner. See section 19 herein.

Section 15—Clarification of status of depositor of an unincorporated investment company as its investment adviser or principal underwriter

Present law: Section 10(h) provides in general that the requirements of sections 10(a) and 10(b), which contain certain limitations as to the composition of a board of directors of an investment company, shall apply to the board of directors of the depositor of an unincorporated investment company.

Problem: Under section 10(a) and 10(b)(2) only a limited number of directors of an investment company may also be directors of its investment adviser or principal underwriter. If this limitation applied to the board of directors of a depositor in literal terms obviously a depositor could not also be investment adviser or principal underwriter. This result was not intended and has been administratively so interpreted. An amendment to make this clear appears appropriate.

Remedy in the bill: Under the proposed bill, if the depositor is investment adviser, then the 60 percent limitation would apply to officers and employees and persons affiliated with the depositor otherwise than as a director. If the depositor is not investment adviser, then the limitations would apply fully, placing directors of the investment adviser in the 60 percent category insofar as the board of the depositor is concerned.

If the depositor is principal underwriter, a majority of its board should not be officers or employees or persons affiliated with the depositor otherwise than as a director.

This would comply with the purpose of section 10(b)(2). If the depositor is not principal underwriter than the provisions of section 10(b)(2) should apply fully; thus a majority of the depositor's board could not be officers, employees, or directors of the principal underwriter.

Section 16—Modification of provisions regarding changes in policy

See section 12 above.

Sections 17, 18, and 19—Modification of underwriter subsidiary provision

See section 14 above.

Section 20—Revision of custody provision to provide that "bank custodianship" shall include holding of cash assets

Present law: Under section 17(f), an investment company of the management type must place its securities and investments (1) in the custody of a bank, (2) in the custody of a stock exchange firm subject to rules prescribed by the Commission, or (3) in its own custody subject to rules or orders prescribed by the Commission. If a company chooses to retain the custody of its securities, it must deposit them with a bank for safekeeping, subject to certain rules as to access, earmarking, and inspection.

Problem: If a company chooses to turn over custody of its securities and similar investments to a bank, something more than safekeeping and access upon the mere receipt of company officials must have been intended and this has been the Commission's position. In other words, custody of a bank has signified that not only the company's portfolio securities but the proceeds of those securities are in the bank's hands. Anything less than that would mean that bank custodianship existed only at the desire of the company officials with access to the securities or with power to direct their disposition and was tantamount to a safekeeping agreement.

In fact, however, this kind of bank custodianship does not go far enough. If a company wishes to choose a bank's custodianship as the method for maintaining its portfolio securities, all of its cash assets, including proceeds from the sale of its own securities and income on its holdings should also be held by the bank subject to appropriate directions as to expenditures and dispositions by proper company officials. Most investment companies which use bank custodianship provide for the keeping of all cash receipts by the bank. Some States insist upon this complete bank custodianship as a prerequisite to the sale of securities within the State. It appears to the Commission that if an investment company desires to obtain the advantage of representing that it has bank custodianship, the protection afforded should be complete.

Remedy in the bill: It is proposed to add a sentence to section 17(f) to provide that if an investment company maintains its securities with a bank, all cash assets shall likewise be kept in such custody. A proviso would permit an operating checking account, for convenience, in an amount not to exceed the fidelity bond required under section 17(g) of the act. The section also should be clarified to state that more than one bank may act as custodian.

Section 21—Clarification and extension of investment policy recital requirements relating to companies issuing special series or classes of stock

Present law: Section 18(f)(2) permits an open-end company to have classes or series of stock, each of which has an interest in specific assets allocated to such class or series. There is no specific requirement in section 8(b) for a recital of policy in respect of each class or series of stock and it is not clear whether a change in policy as to any particular class must be approved by the stockholders of that class or by all stockholders of the company.

Problem: In effect this type of corporation comprises a number of individual funds, with each share issued by the company having an interest in only one of such funds. Each fund has its own investment objectives and characteristics and is, in effect, for investment purposes, a separate entity. Moreover, it is anomalous to consider such a company as diversified unless the assets allocated to each series are diversified. Since each of these "funds" has its own investment policies, it would be reasonable to treat each "fund" separately under sections 8(b) and 13. Thus, the policies stated for each series or class of stock would be changed solely by a majority vote of those stockholders affected by the change.

Remedy in the bill: Section 18(f)(2), which permits this particular type of company, would be amended to require a recital of policy in respect of each series or class of stock in accordance with section 8(b)(1) and (2), and any change in policy would have to be authorized solely by the majority vote of holders of such series or class of stock.

Section 22—Tightening provisions relating to cross-ownership and circular-ownership

Present law: Section 20(d) makes it the duty of an investment company to eliminate within 5 years after the effective date of the act, "cross-ownership" or "circular-ownership," existing on the effective date of the act. Thereafter, if cross-ownership or circular-ownership comes into existence "upon the purchase by a registered company of the securities of another company," the investment company has the duty to eliminate such cross-ownership or circular-ownership within 1 year after it knows of its existence.

Problem: It is not adequate to require an investment company to eliminate only those cross-holdings caused by its own purchase of the securities of another company, since a company controlled through stock ownership by an investment company might contend that it can buy securities of the investment company with impunity. This would negate the objectives of this section of the act. While section 48(a), which makes it unlawful for a controlling person to cause to be done any act which would be unlawful for such person to do, might be invoked in this case, it would seem appropriate to amend section 20(b) to prohibit expressly such action by a controlled company.

Remedy in the bill: The bill would amend section 20(d) to require the elimination of cross-ownership or circular-ownership created by a controlled company.

Section 23—Correction of provision relating to sales of stock by closed-end company below net asset value with consent of stockholders

Present law: Section 23(b) prohibits the sale of stock of a closed-end investment company at a price below the current net asset value "except * * * (2) with the consent of a majority of its common stockholders * * *."

Problem: From the content of the statute, it is clear that the language should read "with the consent of the holders of a majority of its common stock."

Remedy in the bill: The correct phrase would be substituted for the present one.

Section 24—Providing limitations on holdings of common and preferred stock by face-amount certificate companies

Present law: A face-amount certificate company may be briefly described as an investment company engaged in the business of selling its own unsecured debentures or debt obligations on the installment basis. The proceeds are invested and used, together with increments, to pay the obligations at maturity.

Section 28(b) requires a face-amount certificate company to have cash or qualified investments equal to its capital stock requirements and certificate reserves. Qualified investments are those of a kind permitted under the District of Columbia Code for insurance companies and such other investments as the Commission may authorize. Since life insurance companies may purchase common and preferred stocks under the District Code, if they meet certain tests, face-amount certificate companies may also purchase such securities. The act places no limitation on the proportion of common or preferred stock that face-amount certificate companies may acquire.

Problem: The face-amount certificate companies studied by the Commission prior to 1940 invested in real estate mortgages and high grade corporate bonds and preferred stock in view of the fixed obligations they undertook to pay at maturity. The failure to place a limitation on the amount of common stock or preferred stock that such companies may acquire would seem to have been an unintentional omission. The entire thrust of the provisions of section 28 is to assure that the company will be able to meet its liabilities. This is not only shown by the legislative history of the act, but is evident from the very elaborate provisions of section 28 itself requiring the maintenance of reserves and requiring their computation on the basis of a rate of accumulation limited to not more than 3½ percent per annum. To make these requirements meaningful, a limitation on the proportion of common and preferred stock which may be maintained as part of the reserve is required. It would be contrary to the purpose of the act to permit face-amount companies to invest in the more speculative types of securities such as common stocks to any appreciable extent.

The Commission has considered the views of one of the face-amount companies registered under the act which would be seriously affected by a stringent restriction on investment in common stock. This company issues face-amount certificates of the installment type in series which provide (1) for a fixed obligation at the end of a 10-year period to pay an amount approximately equal to the amount paid to the company by the holder, and (2) for a participation in the income and possible profits derived from the funds paid in. It is an integral part of the company's purpose and structure that a portion of its funds be invested in stocks to provide for income and possible capital appreciation. The recommended amendment to section 28, discussed below, would provide reasonable limitations upon stock investments by face-amount companies, but would not impair the arrangement adopted by this face-amount company.

Remedy in the bill: Two approaches were taken to the problem. Based upon analogy to the insurance field, an overall limitation of 10 percent of the certificate reserves has been suggested as to common stock and 25 percent as to preferred stock. Some flexibility is thereby accorded to the company in its investment program but most of the speculative element is eliminated by limiting the amount of investment in equity securities. In addition, by analogy to the restrictions in section 18 of the act applicable to closed-end companies, it is believed that additional common stock investments may be warranted where there is asset coverage protection furnished by the capital, or stockholders' equity. An asset coverage equal to 200 percent was selected rather than the 300 percent figure used in section 18(a)(1) because of the additional limitations imposed by the District of Columbia Code applicable under section 28(b). These additional limitations of the code relate to earnings and dividends tests which must be met by the common stock before it may be acquired.

Therefore, it is provided that certificate reserves may also include common stock investments in an amount equal to 100 per-

cent of the stockholders' equity in the company represented by assets consisting of cash or qualified investments. In addition, since the same degree of protection would be afforded, it is also provided that to the extent that the stockholders' equity consists of cash or qualified investments other than common stocks or similar equity securities, the required certificate reserves may include common stock investments equal to 100 percent of such assets. Where certificate reserves and assets are separately allocated for series of certificates, the 10 percent and 25 percent overall percentage limitations would apply to each series which is in effect a separate fund. On the other hand, since the stockholders' equity is a cushion of security for each certificate issued by the company regardless of its series, more flexibility may be permitted in allocating the amount of common stock investments made pursuant to the asset coverage test. To guard against undue speculation in any series of certificates, a limitation of 30 percent applicable to each series is suggested.

Sections 25 and 26 would change the references in sections 43(a) and 44 to the Judicial Code to reflect redesignation of these provisions in the United States Code.

Section 27—Effective date for proposed amendments

Since presently registered investment companies may need some time to comply with the amendments to sections 5, 8(b)(2) and 18(f)(2), it is proposed that these sections would not become effective until six months after the date of enactment of the bill. In addition, it is provided that the terms of section 28(b)(2) would not apply to series of face-amount certificates outstanding prior to the enactment of this section, where the reserve requirements of such series are maintained separately. This would avoid any retroactive effect of the limitations of this section to face-amount certificate companies which have sold series of such certificates on the representation that the holders would participate in the earnings to be realized from a separate fund of investments, including, among other things, common stocks without any limit as to the amount thereof specified in the statute. In all other respects, the amendments would be effective upon enactment of the bill.

S. 1182. A bill to amend certain provisions of the Investment Advisers Act of 1940, as amended.

The statement accompanying Senate bill 1182 is as follows:

AMENDMENTS TO INVESTMENT ADVISERS ACT OF 1940

GENERAL OBJECTIVE OF STATUTE

The general objective of the Investment Advisers Act of 1940 is to protect the public and investors against malpractices on the part of persons engaged for compensation in the business of advising others with respect to securities. The act makes it unlawful for investment advisers registered under the act to engage in practices which constitute fraud or deceit. The act also requires registered investment advisers to disclose the nature of their interest in transactions which they may effect for their clients, prohibits profit-sharing arrangements and, for all practical purposes, prevents the assignment of any investment advisory contract without the consent of the interested client.

WHAT THE BILL WILL DO

The amendments embodied in the bill are recommended by the Securities and Exchange Commission, which is of the opinion that the changes will materially assist it in enforcing the statute.

Administration of the Investment Advisers Act since its adoption in 1940 has indicated to the Commission that it is inadequate in many respects and does not afford the necessary protection to clients of investment advisers and other members of the investing public. The Commission has no authority under the act to inspect the books and records of investment advisers, and cannot even require investment advisers to maintain books and records. It has no adequate means of determining whether investment advisers are engaging in fraudulent or deceptive practices in connection with their business.

The present statute provides for the registration of most investment advisers who use the mails or instrumentalities of interstate commerce in connection with their business. The basis for denial or revocation of registration is very narrow and limited, however, and this makes it possible for undesirable persons to engage in the investment advisory business, essential elements of which are trusts and confidence by the client and scrupulously honest dealing by the adviser.

The provisions of the act prohibiting fraudulent practices apply only to investment advisers who happen to be registered. The investment adviser who evades registration or is exempt from it is not subject to these provisions. The act is inadequate also because it does not give the Commission the power to adopt rules and regulations defining acts and practices which are fraudulent, deceptive or manipulative or prescribing means designed to prevent such acts and practices.

The proposed amendments are designed to make the Commission's enforcement activities more effective by giving the Commission additional authority, and by providing additional remedies and eliminating or minimizing various problems which have come to light in the course of the Commission's enforcement of the act. The more significant of these proposals would, in brief (1) expand the basis for disqualification of an applicant for registration or a registrant because of misconduct; (2) revise the provisions relating to the postponement of effectiveness and the withdrawal of application for registration; (3) authorize the Commission by rule to require the keeping of books and records and the filing of reports; (4) permit periodic examinations of a registrant's books and records; (4) empower the Commission by rule to define and prescribe means reasonably designed to prevent fraudulent practices; and (6) extend criminal liability to include a willful violation of a rule or order of the Commission.

EXAMINATION BY SECTIONS

Section 1—Elimination of reference to the Philippine Islands and Alaska in definition of "State"

Present law: Section 202(a)(18) of the act defines the term "State" to include any State of the United States and in addition, among others, the Philippine Islands and Alaska.

Problem: The Philippine Islands are no longer a possession and Alaska is now a State.

Remedy in the bill: The amendment would delete these references.

Sections 2 and 3—Expansion and integration of provisions relating to statutory disqualifications

Present law: Under section 203(d) registration can be denied, suspended, or revoked because of (1) conviction within 10 years for a felony or misdemeanor involving the purchase or sale of a security, or arising out of activities as an investment adviser, underwriter, banker, or dealer, or as an affiliated person or employee of an investment company, bank, or insurance company; or (2) the existence of an injunction based upon similar conduct or activity; or (3) the willful filing of a false statement in an application for registration or a required report.

Problem: (1) It should be possible for the Commission to keep out of the investment advisory business not only persons who would be barred under the standards now embodied in section 203(d), but also any person who has been convicted of embezzlement, fraudulent conversion of misappropriation of funds or securities; or who has violated the mail fraud statute; or who is subject to an injunction based upon such improper activities. In addition, a willful violation of the Securities Act, the Securities Exchange Act, or the Investment Advisers Act should constitute a basis for denial, suspension, or revocation of the registration of an investment adviser.

One case demonstrates the weakness of the Investment Advisers Act. Information was obtained by the staff indicating that a certain individual was engaged in the securities business relying upon an exemption from registration under the Securities Exchange Act available to persons doing business entirely within one State. Investigation disclosed that this individual actually was engaged in an interstate business, and that the exemption was not available. Upon being advised that registration as a broker-dealer was required, applications for registration were filed not only as a broker-dealer but also as an investment adviser. Investigation revealed several serious violations of the Securities Act and the Securities Exchange Act. A report of financial condition filed as a part of the broker-dealer application falsely set forth his financial condition. Proceedings were instituted to determine whether an order of denial should be entered with respect to the application for a broker-dealer registration, but since there was no statutory bar to registration as an investment adviser, that registration became effective. The applicant, before the date for hearing on the broker-dealer matter, filed a petition in bankruptcy. From documents filed in that proceeding it appeared that customers and other broker-dealers would sustain substantial losses. In connection with a stipulation of facts in the broker-dealer denial proceeding, the staff succeeded in obtaining a withdrawal of the investment adviser registration. It is an anomalous situation that permits the Commission to deny registration to a broker-dealer applicant based upon willful violations of the Securities Act and the Securities Exchange Act but leaves it without authority to deny an application for registration as an investment adviser simultaneously filed by the same person.

(2) Section 203(c) should be revised to require disclosure of information necessary to determine whether there exists a basis for denying registration under section 203(d), as proposed to be amended.

Remedy in the bill: (1) It is proposed to amend section 203(d) to provide that conviction of embezzlement, fraudulent conversion or misappropriation of funds or securities; or violation of the mail fraud statute; or the existence of an injunction based upon such improper activities; or the willful violation of the Securities Act of 1933, the Securities Act of 1934, or the Investment Advisers Act of 1940, will also constitute bases for statutory disqualification.

(2) The proposed amendment would amend section 203(c) to require disclosure of the information necessary to disclose any such disqualification.

Section 4—Provision for postponement of effectiveness of registration when denial proceedings are instituted

Present law: Section 203(e) now provides that the effectiveness of an application for registration is not postponed by the commencement of a proceeding to determine whether an order of denial should be entered, unless the Commission finds that such postponement is in the public interest.

Problem: Under section 211(c) such order postponing effectiveness of registration can be entered only after notice and opportunity for hearing, and this procedure has proved administratively unworkable because such an order generally has to be entered within

30 days after the application is filed or the application will become effective under section 203(c). It would ordinarily be a practical impossibility within that limited period, to give adequate notice of a hearing, conduct the hearing, review the record, and enter an order, all in compliance with the Administrative Procedure Act. Furthermore, if such an effort were undertaken it would usually be necessary to duplicate the conduct of hearings and the taking of evidence on both the postponement question and the denial question.

Remedy in the bill: Under the proposed amendment to section 203(e), the commencement of a proceeding to deny registration would postpone effectiveness of an application for registration for a period of 90 days, or until final determination in the denial proceeding if that occurs sooner; and if the proceeding extends beyond 90 days, the Commission could postpone effectiveness beyond the 90-day period only after a hearing on the question of further postponement.

Section 5—Addition of provision relating to the right to withdraw an application for registration

Present law: Section 203(g) provides that a registered investment adviser may withdraw from registration only upon such terms and conditions as the Commission may impose in the public interest or for the protection of investors. The statute does not contain any provision with respect to the withdrawal of an application for registration.

Problem: Upon receipt of an application for registration, inquiry is made to determine whether there is any bar to such person becoming registered, and whether it is in the public interest to deny the registration. This necessitates investigation concerning many factors, including identity, past history, business experience and affiliations. Frequently it is necessary to obtain evidence on these matters from various parts of the United States, as well as from outside the country. If the applicant has the right to withdraw after a proceeding has been instituted to deny his registration, the Commission may be in a position where it will be unable to prove a disqualification at a later date if a new application is filed. When much time and effort have been devoted to the matter and expense has been incurred, it is appropriate that a hearing be held so that a determination can be made as to whether or not there is a statutory bar and whether it is in the public interest to enter an order of denial. If an applicant is permitted to withdraw under such circumstances, the Commission at a later date may be required to conduct a new investigation to try to find available evidence under circumstances which may make it much more difficult to make the necessary findings.

Remedy in the bill: The proposed amendment specifically provides that an application for registration may be withdrawn only with the consent of the Commission if the request for withdrawal is received by the Commission after it has instituted proceedings to deny registration.

Section 6—Addition of power to compel maintenance of books and records and expansion of power to inspect

Present law: The act now contains no grant of power to inspect the books and records of investment advisers; in fact, there is no requirement that they maintain any books or records. The act authorizes investigations concerning violations of the act only when it appears that its provisions have been or are about to be violated.

Problem: Unless the Commission has sufficient information to bring its investigative powers into play, it has no authority to examine the books and records of investment advisers to determine whether they are engaging in fraudulent, deceptive, or other unlawful practices.

Remedy in the bill: The proposed amendment to section 204 would require investment advisers subject to registration to maintain the books and records prescribed by Commission rules and regulations and would authorize the Commission to conduct routine inspections of investment advisers. The Commission has similar authority with respect to brokers and dealers under section 17(a) of the Securities Exchange Act of 1934.

This power of inspection would be limited, however, by section 210(c) of the act which provides that the Commission cannot require an investment adviser engaged in rendering investment supervisory services to disclose the identity, investments, or affairs of any client except in a particular proceeding or investigation. Many investment advisers rendering investment supervisory services have in their records some very personal information about their clients and their clients' families, and there is some question as to whether information concerning the investments or affairs of clients should have to be disclosed except in a formal investigation or proceeding. If a routine inspection of the adviser's books and records should indicate possible fraudulent or other improper practices with respect to the affairs of any client, the Commission could order a formal investigation to obtain information concerning the adviser's handling of clients' accounts.

Section 7—Clarification of prohibitions against performance of certain investment advisory contracts

Present law: Section 205 of the act now prohibits registered investment advisers from entering into, extending, renewing, or performing certain types of investment advisory contracts.

Problem: Section 205 is not specifically applicable to investment advisers subject to registration who have not registered.

Remedy in the bill: The amendment makes section 205 applicable to investment advisers subject to registration, whether or not they have registered.

Section 8—Extension of antifraud provisions

Present law: Section 206 of the act prohibits certain fraudulent and deceptive practices by registered investment advisers.

Problem: This section is now applicable only to registered investment advisers. Fraud is no less vicious because it is perpetrated by an unregistered investment adviser. Just as the antifraud provisions of the Securities Exchange Act of 1934 are applicable to brokers and dealers irrespective of registration, so should the antifraud provisions of this act be applicable to all investment advisers.

Remedy in the bill: The proposed amendment would apply the antifraud provisions of section 206 to all investment advisers, whether registered or not.

Section 9—Addition of rulemaking power to implement antifraud provisions

Present law: Present section 206 contains general prohibitions against fraudulent activities.

Problem: Because of the general language of section 206 and the absence of express rulemaking power in that section, there has always been a question as to the scope of the fraudulent and deceptive activities which are prohibited and the extent to which the Commission is limited in this area by common law concepts of fraud and deceit.

Remedy in the bill: It is proposed that a new paragraph (4) be added to section 206 which would empower the Commission, by rules and regulations to define, and prescribe means reasonably designed to prevent, acts, practices and courses of businesses which are fraudulent, deceptive or manipulative. This is comparable to section 15(c)(2) of the Securities Exchange Act of 1934 which applies to brokers and dealers.

Section 10 would amend the caption of section 208 of the act. In view of the proposed addition of new subsection (d) to this section, the Commission believes that the caption "General prohibitions" would be more descriptive of the content of the section than "Unlawful representations."

Section 11—Addition of provisions relating to prohibited activities

Present law: None.

Problem: There is no provision in the act expressly prohibiting any person, indirectly or through any other person, from violating the act or any rule or regulation thereunder. Furthermore, in the absence of any express statutory provision, there may exist some doubt as to the Commission's authority to obtain an injunction, or to impose administrative sanctions, against persons aiding or abetting violations of the act.

Remedy in the bill: The proposed amendment would make it unlawful for a person to do indirectly what he cannot do directly, and would also make it unlawful for any person to aid, abet or procure a violation by another person. It is also designed to make it clear that persons associated with an investment adviser may be liable in civil and administrative proceedings for violation of the prohibitions which by their terms apply only to investment advisers. This provision does not in any manner constitute a limitation with respect to the applicability in criminal proceedings of section 2, title 18, United States Code, which deals with the criminal liabilities of aiders and abettors.

Section 12—Clarification of provisions relating to the enjoining of violations of the act

Present law: Section 209(e) now provides that the Commission may bring an action to enjoin certain practices when it appears to the Commission that any "person has engaged or is about to engage" in such acts or practices.

Problem: The statute does not specifically provide that the Commission may bring an action for an injunction when it appears that any person is engaged in prohibited acts or practices.

Remedy in the bill: The proposed amendment would modify the quoted clause to read "has engaged, is engaged or is about to engage."

Section 13—Clarification of Commission's power to make public certain matters pertaining to investigations and inspections

Present law: Section 210(b) now provides, subject to certain exceptions, that the Commission shall not make public the fact that any investigation under the act is being conducted, or the results of such investigation, or any facts ascertained.

Problem: As this section now reads, it is not clear that the Commission could disclose to appropriate State officials facts ascertained in an investigation which tends to indicate a violation of State law.

Remedy in the bill: The proposed amendment would make it clear that the information gathered in an inspection or investigation could be disclosed in certain circumstances, but only with the approval of the Commission itself. The amendment would also make it clear that the prohibitions against disclosure apply not only to the Commission, but also to members, officers, and employees as well.

Section 14—Expansion of rulemaking powers

Present law: Section 211 (a) contains a delegation of rulemaking power and authorizes promulgation by the Commission of "such rules and regulations and such orders as are necessary or appropriate to the exercise of the powers conferred upon the Commission elsewhere in this title."

Problem: This rulemaking power is not cast in as broad language as that contained in the other acts administered by the Commission. Section 19(a) of the Securities Act gives the Commission the right to adopt rules and regulations "necessary to carry out the provisions" of the act; Section 23(a) of the Securities Exchange Act gives the Commission the right "to make such rules and regulations as may be necessary for the execution of the functions vested" in it by the act. The power of the Commission under the Investment Advisers Act should be as broad as it is under the other two acts if the Commission is to be able to carry out its powers and functions under this act.

Remedy in the bill: The proposed amendment would specifically permit the Commission also to adopt rules and regulations necessary for the Commission to carry out its functions under the act.

Section 15—Expansion of penalty provisions

Present law: Section 217 now provides penalties for willful violations of the act.

Problem: No provision is made for penalties for violations of rules, regulations or orders promulgated by the Commission.

Remedy in the bill: The amendment would make the penalty provisions also applicable to willful violations of any rule, regulation or order promulgated by the Commission under the authority of the statute.

Section 16—Addition of provision concerning effect on State law

Present law: None.

Problem: No section of the act deals specifically with the effect of the provisions of the act on State laws. The Securities Act of 1933 and the Securities Exchange Act of 1934 now contain provisions making it clear that the jurisdiction of a State securities commissioner or similar officer is not affected by provisions of those acts, so long as there is no conflict with their provisions.

Remedy in the bill: The amendment would add a new section which would provide that the jurisdiction of a State securities commissioner or similar officer would not be affected by provisions of the Investment Advisers Act so long as there was no conflict with its provisions.

LICENSING OF PUBLIC ADJUSTERS IN THE DISTRICT OF COLUMBIA

Mr. DIRKSEN. Mr. President, the distinguished junior Senator from Maryland [Mr. BEALL], as everyone probably knows, was recently in the hospital. He is now out of the hospital and is convalescing very well. Notwithstanding his convalescence, he still gives great attention to his duties. He has sent me a bill which he desires to have introduced. I introduce the bill on his behalf.

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

The bill (S. 1187) for the licensing of public adjusters in the District of Columbia, introduced by Mr. DIRKSEN (for Mr. BEALL), was received, read twice by its title, and referred to the Committee on the District of Columbia.

CLARIFICATION OF REEMPLOYMENT PROVISIONS OF UNIVERSAL MILITARY TRAINING AND SERVICE ACT

Mr. SALTONSTALL. Mr. President, I introduce, for appropriate reference, a bill to amend and clarify the reemployment provisions of the Universal Military Training and Service Act, and for other purposes. I ask unanimous consent that a statement in explanation of the bill be printed in the RECORD.

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

The bill (S. 1191) to amend and clarify the reemployment provisions of the Universal Military Training and Service Act, and for other purposes, introduced by Mr. SALTONSTALL, was received, read twice by its title, and referred to the Committee on Armed Services.

The explanatory statement presented by Mr. SALTONSTALL is as follows:

STATEMENT IN EXPLANATION OF A BILL TO AMEND AND CLARIFY THE REEMPLOYMENT PROVISIONS OF THE UNIVERSAL MILITARY TRAINING AND SERVICE ACT, AND FOR OTHER PURPOSES

The purpose of this bill is to amend the existing reemployment provisions of the Armed Forces Reserve Act and the Universal Military Training and Service Act to add certain rights and to clarify certain existing rights. It would consolidate in section 9 of the Universal Military Training and Service Act, the provisions of law providing reemployment rights for ex-servicemen and reservists. Section 9(g)(3) of that act would be replaced by a new paragraph (3) containing the reemployment provisions now contained in section 262(f) of the Armed Forces Reserve Act of 1952 as amended, and section 262(f) would be repealed. The provisions presently contained in section 9(g)(3) would be strengthened and clarified and would be incorporated in a new section 9(g)(4).

Experience in the administration of the laws relating to veterans' reemployment rights has shown that clarifying legislation is needed to resolve inconsistencies and eliminate inequities.

At present, a National Guardsman who performs an initial period of from 3 to 6 months active duty for training has rights inferior to those of a Ready Reservist who performs the same training. This bill will give equal treatment for the same training.

All persons performing such training duty as 2-week encampments and weekly drills and those rejected for service or training now have 30 days to apply for reemployment in their jobs after such training or rejection. It is believed that this 30-day period is unreasonably long in relation to the amount of time away from the job. The bill would remedy this situation by requiring that application be made at the beginning of the next regularly scheduled work period after expiration of the necessary travel time to the place of employment following rejection or release, or within a reasonable time thereafter.

With respect to the period within which an application for reemployment must be filed by any member of a Reserve component or by a rejectee, the bill would permit the application to be filed after a 1-year period of hospitalization incident to training or rejection. This would eliminate the present inconsistent treatment which grants those on active duty in the Armed Forces a 1-year period of grace for hospitalization, some reservists a 6-month period, and other reservists none at all. The bill further provides the same disability protection for those performing training duty as is now provided under section 9(b) of the Universal Military Training and Service Act for persons on active duty or initial active duty for training.

The bill would also clarify the extent of protection accorded persons returning from periods of training duty with regard to their seniority, status, pay, and vacation.

Under existing law reemployment rights do not apply to "temporary" employment. There is a conflict in court decisions with respect to the status of probationary employees under the language "other than a temporary position," as used in section 9(b) of the act. The bill would make clear that probationary employment does not of itself characterize a position as "temporary."

The bill adds a new section 9(g)(5) which makes it clear that members of the National Guard performing specified training duty are covered by the reemployment provisions.

Further amendments to section 9 proposed by the Civil Service Commission have also been incorporated into the bill. These would amend the subsections of the act which confer reemployment rights on Federal employees. They are designed to equalize the rights of Federal employees with those in private employment.

INCREASED INCOME LIMITATIONS APPLICABLE TO PAYMENT OF CERTAIN PENSIONS

Mr. HARTKE. Mr. President, I introduce for appropriate reference a bill to increase the income limitations applicable to the payment of pension for nonservice-connected disability.

This bill does not call for a drastic change in existing legislation, Mr. President. It does not call for an increase in the payments of pension benefits. What it does, is bring up to date an equitable limitation on the amount of income a veteran or his widow may earn and still remain eligible for existing pension benefits.

Similar legislation has been introduced in the House of Representatives by my very able colleague, Representative HOGAN of Indiana. I ask unanimous consent that the bill may be printed in the RECORD at this point.

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

The bill (S. 1195) to amend sections 522 and 545 of title 38, United States Code, to increase the income limitations applicable to the payment of pension for non-service-connected disability or death to $1,800 and $3,000, introduced by Mr. HARTKE, was received, read twice by its title, referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That sections 522(a) and 545(a) of title 38, United States Code, are each amended by striking out "$1,400" and "$2,700" and inserting in lieu thereof "$1,800" and "$3,000", respectively.

EQUAL NATURALIZATION BENEFITS FOR KOREAN VETERANS

Mr. NEUBERGER. Mr. President, last year I sponsored legislation to provide equal naturalization privileges for veterans who served honorably in the Armed Forces of the United States during the Korean war. Section 329 of the Immigration and Nationality Act provides that veterans who served honorably in the Armed Forces during the First and Second World Wars are entitled to naturalization, but no provisions were made for Korean war veterans.

This worthy legislation, I am pleased to report, passed the Senate on August 18, but, unfortunately, was not considered by the House of Representatives in the closing days of the session.

It is indeed a pleasure to report that both the American Legion and the Veterans of Foreign Wars have endorsed my proposal to grant equal naturalization privileges to veterans of the Korean war. Mr. President, I ask unanimous consent to have printed in the RECORD correspondence I have received from Omar B. Ketchum, director, national legislative service, Veterans of Foreign Wars, and Miles D. Kennedy, director, legislative commission, the American Legion.

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

VETERANS OF FOREIGN WARS
OF THE UNITED STATES,
Washington, D.C., April 2, 1958.

Senator RICHARD L. NEUBERGER,
Senate Office Building,
Washington, D.C.

(Attention: Mr. Walter H. Dodd.)

MY DEAR SENATOR: This is to express the interest and support of the Veterans of Foreign Wars of the United States for your bill, S. 3009, to amend the Immigration and Nationality Act to accord Korean war veterans equal naturalization privileges.

S. 3009 was endorsed by the VFW national legislative committee in an official meeting during the month of February 1958. If and when hearings should be set for this bill I would appreciate being advised so that a representative from this office may be present and testify in behalf of our organization.

Sincerely yours,
OMAR B. KETCHUM, *Director.*

THE AMERICAN LEGION,
LEGISLATIVE COMMISSION,
Washington, D.C., May 15, 1958.

Mr. WALTER DODD,
Care of Hon. Richard L. Neuberger,
Senate Office Building, Washington, D.C.

DEAR MR. DODD: In keeping with our telephone conversation of this afternoon, I enclose two copies of resolution No. 16 adopted at the April 30 to May 2, 1958, meeting of the national executive committee of the American Legion.

It is my opinion that, in keeping with this resolution, our organization can support Senator NEUBERGER's bill S. 3009 which would amend section 329(a) of the Immigration and Nationality Act.

Thanking you for calling this matter to our attention, I am

Sincerely,
MILES D. KENNEDY,
Director.

RESOLUTION No. 16

Resolutions by the national executive committee meeting, the American Legion, held April 30–May 2, 1958

Committee: National Americanism Commission.

Subject: Amend section 329 (a) of the Immigration and Nationality Act.

Whereas under section 329(a) of the Immigration and Nationality Act, any person who, while an alien or a noncitizen national of the United States, has served honorably in an active-duty status in the Armed Forces of the United States during either World War I or World War II, and who, if separated from such service, was separated under honorable conditions, may be naturalized; and

Whereas any person who has served honorably in the Armed Forces of the United States during the Korean war is not accorded the same rights and privileges of naturalization as given to the veterans of World War I and World War II; and

Whereas simple justice requires that Korean war veterans be treated alike for they fought and died in the same manner as the veterans of World War I or World War II, in the service of their country, in its hour of need; and

Whereas the Veterans' Administration treats all veterans alike in passing on their service-incurred disabilities: Now, therefore, be it

Resolved, That the American Legion in national executive committee assembled in Indianapolis, Ind., April 30–May 2, 1958, exert its wholehearted efforts to amend section 329(a) of the Immigration and Nationality Act to read as follows (see emphasized portions):

"Any person who, while an alien or a noncitizen national of the United States, has served honorably in an active-duty status in the military, air, or naval forces of the United States during either World War I or during a period beginning September 1, 1939, and ending December 31, 1946, [or during a period beginning June 25, 1950, and ending July 1, 1955,] and who, if separated from such service, was separated under honorable conditions, may be naturalized as provided in this section * * *."

Mr. NEUBERGER. Mr. President, this oversight in our naturalization laws was first brought to my attention by the American Legion Cathay Post, No. 384, San Francisco, Calif., when I had the pleasure to address the post in the fall of 1957. The post has been most helpful in furnishing information, and I would like to commend post Commanders Robert K. Fong and Franck W. Wong in particular.

Mr. President, following the introduction of my equal naturalization bill last year, Mr. Omar Ketchum, director, national legislative service, VFW, called my attention to another provision of the Immigration and Naturalization Act which needs modification with respect to equality of treatment for veterans of the Korean war after their naturalization. Mr. President, I ask unanimous consent to place at this point in the RECORD, Mr. Ketchum's letter to me on this subject, dated April 7, 1958.

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

VETERANS OF FOREIGN WARS
OF THE UNITED STATES,
Kansas City, Mo., April 7, 1958.

Senator RICHARD L. NEUBERGER,
Senate Office Building,
Washington, D.C.

DEAR SENATOR NEUBERGER: This is in further reference to your bill, S. 3009, to extend to veterans of the Korean conflict the same naturalization benefits which are now enjoyed by veterans of World War I and World War II. In connection with this bill you will be interested to know that our VFW Department of Washington adopted a resolution, approved by our national legislative committee, which requests equality of treatment for veterans of the Korean conflict after their naturalization.

Existing law provides that a naturalized United States citizen who returns to his native country for a period of 3 years or who moves to a third country for a period of 5 years loses his United States citizenship. An exception is allowed where the third country is concerned, however, for veterans of the Spanish-American War, World War I, or World War II. Such veterans would still lose their citizenship if they return to their native country and stay for 3 years. If they move to another country, however, they enjoy the same benefits as are enjoyed by native-born citizens of the United States; i.e., they are allowed to stay abroad as long as they wish without jeopardizing their citizenship.

As indicated, the benefits of the law after naturalization with regard to veterans are now available to veterans of the Spanish-American War and the two World Wars. When the present Immigration Code was enacted in 1952, the House version, H.R. 5678 of the 82d Congress, contained the language extending the law to veterans of the Korean conflict as well. The Senate omitted the latter, however, and the reference to the Korean conflict was dropped in the conference committee. The only reason for the omission was that at the time, in 1952, it was considered premature to make provisions for veterans of the Korean conflict, as hardly anyone would have been immediately affected by the law.

At the present time, by contrast, there are a substantial number of veterans of the Korean conflict to whom section 354 would be of importance. In view of the legal principle established by section 354 of the Immigration Act, it would be logical to extend the provisions of that section to this group of veterans as well.

It seems to us that the problem covered by the Washington resolution is so closely related to the problem which resulted in the introduction of your bill, S. 3009, that both matters could be covered by the same law. If you agree with me, may I suggest, therefore, that a second section be added to S. 3009 to read as follows:

"That section 354, paragraph (1) of the Immigration and Nationality Act, is amended by changing the language 'veteran of the Spanish-American War, World War I, or World War II' to 'veteran of the Spanish-American War, World War I, World War II, or the Korean conflict.'"

In closing, I wish to express my deep appreciation for your interest in the problems of American veterans.

Sincerely yours,
OMAR B. KETCHUM,
Director.

Mr. NEUBERGER. Mr. President, the Department of the Navy has called my attention to a situation that I feel needs to be corrected. At the present time there is no provision in our immigration and naturalization laws to grant permanent resident status and thus eligibility for citizenship, to aliens who have honorably served in the Armed Forces of the United States, including the Coast Guard. At the present time the Navy has the authority to recruit annually up to 2,000 Philippine nationals and the Coast Guard has the authority to recruit 500 Filipinos per year. Many of these Filipinos serve in the stewards mate ratings, but others serve in the many general ratings which make up our modern Navy. The Navy is highly pleased with the fine and loyal service performed by these men.

The Department of the Navy has urged adoption of legislation to provide for the naturalization of aliens who enlist outside the United States and serve honorably in the Armed Forces. Legislation previous to the Immigration and Nationality Act of 1952 permitted the granting of permanent resident status and United States citizenship outside of the regular immigration quota to aliens who served honorably in the Armed Forces.

I believe that there is need for such a provision in our laws at this time and

I have worked closely with officials of the Navy Department in drawing up such a proposal which is contained in section 3 of the bill which I am now introducing. My proposal provides that permanent resident status may be granted aliens who have served honorably in the Armed Forces of the United States, including the Coast Guard, for period or periods aggregating 5 years when such alien is a person of good moral character and such action would not be contrary to the national welfare, safety, or security.

Mr. President, I introduce, for appropriate reference, a bill to accord Korean war veterans equal naturalization privileges and to authorize the Attorney General to admit certain aliens who have served in the Armed Forces of the United States for a period aggregating 5 years as permanent residents, and I ask unanimous consent that this bill be printed in the RECORD at the conclusion of my remarks.

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

The bill (S. 1196) to amend the Immigration and Nationality Act to accord Korean war veterans equal naturalization privileges, and to authorize the Attorney General to admit certain aliens who have served in the Armed Forces of the United States for a period aggregating 5 years as permanent residents, introduced by Mr. NEUBERGER (for himself and Mr. ENGLE), was received, read twice by its title, referred to the Committee on the Judiciary, 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 subsection (a) of section 329 of the Immigration and Nationality Act is amended by inserting after "December 31, 1946," the following: "or during a period beginning June 25, 1950, and ending July 1, 1955,".

SEC. 2. Paragraph (4) of subsection (b) of section 329 of the Immigration and Nationality Act is amended by inserting after "December 31, 1946," the following: "or during a period beginning June 25, 1950, and ending July 1, 1955,".

SEC. 3. Section 245 of the Immigration and Nationality Act is amended by adding at the end thereof the following new subsection:

"(c) If, upon application of any alien, it shall appear to the satisfaction of the Attorney General that (1) such alien has served honorably at any time in the Armed Forces of the United States (including the Coast Guard) for a period or periods aggregating five years, and who, if separated from such service, was never separated except under honorable conditions, (2) such alien is a person of good moral character, and (3) such action would not be contrary to the national welfare, safety, or security, the Attorney General may, notwithstanding any other provision of this Act or any other law, admit such alien to the United States for permanent residence, or, if such alien is in the United States, record the alien's last entry into the United States as an admission for permanent residence as of the date of such entry."

SEC. 4. (a) Paragraph (1) of subsection (d) of section 101 of the Immigration and Nationality Act is amended by inserting immediately after "December 31, 1946," the following: "or from June 25, 1950, to July 1, 1955,".

(b) Paragraph (2) of subsection (d) of section 101 of the Immigration and Nationality Act is amended (1) by striking out "and (C)" and inserting in lieu thereof "(C)", and (2) by inserting immediately after "December 31, 1946" the following: "; and (D) the term 'Korean conflict' relates to the period from June 25, 1950, to July 1, 1955".

SEC. 5. Paragraph (1) of section 354 of the Immigration and Nationality Act is amended by striking out "or World War II" and inserting in lieu thereof the following: "World War II, or the Korean conflict".

SOIL AND WATER CONSERVATION LABORATORY, UTAH

Mr. BENNETT. Mr. President, I introduce, for appropriate reference, a bill to provide for the establishment of a soil and water conservation laboratory. I ask unanimous consent to have printed in the RECORD, a statement prepared by me, relating to the bill.

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

The bill (S. 1201) to provide for the establishment of a soil and water conservation laboratory, introduced by Mr. BENNETT, was received, read twice by its title, and referred to the Committee on Agriculture and Forestry.

The statement presented by Mr. BENNETT is as follows:

STATEMENT BY SENATOR BENNETT

I introduce a bill for appropriate reference which would authorize the construction of an irrigation, water control and soil research laboratory at Logan, Utah. This laboratory, which would be located at the mouth of Logan Canyon adjacent to the campus of the Utah State University, would carry out hydraulic engineering and soil studies as directed by the Soil and Water Conservation Research Division of the Department of Agriculture.

For several years, I have been interested in the establishment of these water and soil research facilities, and as a result I have worked cooperatively with other Members of Congress, the Department of Agriculture and officials at Utah State University in the hope of achieving this goal. Last year, I appeared and testified before the Senate Appropriations Committee and urged the appropriation of funds to permit a start on this project. The committee did not appropriate additional money at that time, but the members did recognize the need for such water and soil research facilities. As a result, the Senate Appropriations Committee requested the Department of Agriculture to make a study of facility needs for research on soil and water problems and to make a report to the committee on the scope of research results to be expected from existing facilities, and the feasibility of additional facilities. The report, to be made—not later than March 1, 1959—would also include the Department's recommended priority and procedure to be followed in planning and authorizing additional new research facilities, for all major research programs.

I am sure that the report, which is expected soon from the Agriculture Department, cannot fail to recognize the great need for soil and water research and, therefore, will approve and recommend construction of soil and water laboratory facilities similar to those proposed in this bill. I am today introducing appropriate legislation to call the attention of Congress to the unique advantages afforded at Logan.

WHY ARE THESE WATER RESEARCH FACILITIES NEEDED?

Water is the lifeblood of the West. Without an adequate supply of water, much of the land area in the 13 Western States would be arid desert wasteland, unfit for cultivation or human habitation. The development of a dynamic system of dams, reservoirs and canals to store up water and carry it to the farms and cities where it is put to beneficial use, has turned the desert into verdant meadows, and cowtowns into booming metropolises. The West is growing more rapidly than any area in the United States. Its future growth will be limited or controlled by how wisely and well the available meager supply of water can be put to beneficial use. The Congress, in its wisdom, realized the need for a comprehensive program of water development and has approved and appropriated money for the construction of multiple dams and reservoirs as part of the multi-million-dollar upper Colorado River project. The authorization of the water and soil research laboratory at Logan will be another long step in insuring the development of proper procedures for the delivering of water to the ultimate point of consumption, and to insure the limited supply will be put to its most beneficial use.

At the present time, there are some 1,400,000 acres of land being irrigated in the Upper Colorado River Basin. The potential development is estimated to bring an additional 1,200,000 acres of land under irrigation. Another 500,000 acres of land will receive supplemental water from the Colorado and its tributaries. This all points to the need for a comprehensive water and soil research program, and certainly there is no better place for such scientific studies to be conducted than at the Utah State University at Logan, Utah, a leading land-grant college.

WHAT STUDIES WOULD BE CONDUCTED BY THE LOGAN WATER AND SOIL LABORATORY?

The Utah State University site is ideally located for conducting a comprehensive water and soil research program. The university already owns and operates a power plant and dam across the Logan River, which would provide adequate flow, control and head for the necessary water tests. The site is within 1 mile of the main USU camps, where skilled technicians in all fields of agriculture and engineering are available to participate in the water and soil research program. At present, there is a cooperative State and Federal study being made at the university to find better materials and methods for lining canals so as to prevent water loss. This experiment could be incorporated into the larger overall water laboratory.

I am informed that some of the specific problems in need of accelerated research insofar as agriculture is concerned, include the following:

(1) Water supply, diversion and conveyance. This research will include investigation on water supply and delivery to and on the farm, factors affecting evaporation, and methods of improving development and design of water supply wells.

(2) Water application and drainage. This work would include research on efficient application of water, the problems of uniform distribution, surface soil erosion, drainage and consumptive use.

(3) Nutritional needs of crops and crop adaptation to soil and climate of the Upper Colorado River Basin. This would include research on the availability and need for the various fertilizer elements, including their relationship to moisture level, and, in addition, studies would be made on the problem of chlorosis.

(4) Management practices, including tillage, crop rotations, and reclamation. This research will include an evaluation of the best crop rotations for different areas, a determination of the most effective tillage practices, and development of procedures needed to reclaim soils affected by salinity and alkali.

(5) Physical and chemical properties of soils in relation to efficient crop production and water use. This research would include the determination of the nutrient content and its relative fertilizer need of the principal soil types, a determination of exchangeable ions and treatment needs for reclamation, and the relationship of the important physical properties to irrigation needs, drainage and special tillage and management requirements.

(6) Runoff and sediment yield of watershed lands. This would include the study of problems relating to runoff and would seek means of preventing and controlling erosion on our important watersheds.

The Utah State University has a world-famed corps of soil and water experts who would make invaluable contributions to the entire Nation through this new facility and allied research. I know of no other group of engineers and scientists who are so eminently well qualified to accomplish the vital soil and water research so needed in the arid Mountain States, with their unique problems.

AMENDMENT OF NATIONAL DEFENSE EDUCATION ACT OF 1958

Mr. FULBRIGHT. Mr. President, the National Defense Education Act of 1958 established the policy that instruction in modern foreign languages is important to the United States. In order to carry out this policy, that act sets up language and area centers within the United States for the teaching of modern foreign languages to which students can go, and it authorizes the establishment of short term or regular session institutes for advanced training of teachers of modern foreign languages. These programs will, I am sure, result in much good to the study and teaching of modern foreign languages in the United States. However, in my judgment, these programs, desirable though they are, do not fill the entire need.

I am, therefore, introducing a bill which will add to the National Defense Education Act a new program, under which a teacher of a modern foreign language could, during the summer months, go to a country in which that language is spoken and could there study the language, the history, and the culture of the country, under appropriate conditions and surroundings. The foreign expenses of the program would be paid from the foreign currencies made available to the United States under such programs as Public Law 480, the Mutual Security Act, and the Economic Cooperation Act. Dollar appropriations would be authorized to pay stipends to prevent the teacher from suffering a financial loss by not obtaining a job in the United States during the summer.

This program would be comparable to the National Science Foundation summer institute programs for science and mathematics teachers, except that the study would take place abroad. It would also resemble the few programs now being undertaken under the Fulbright Act. This summer 20 grants are available for Spanish teachers to go to Colombia; 25 grants are available for French teachers to go to France; and 25 grants are available to German teachers to go to Germany. These three programs, however, do not provide stipends to meet the need of the teacher for earnings during the summer and, consequently, many teachers are unable to take advantage of them. And in any event, 70 grants are entirely inadequate compared to the 15,000 or 20,000 language teachers in the secondary schools.

The need for improvement of teaching modern foreign languages is, I believe, universally recognized, and I can think of no better way to improve it than by studying in countries in which the languages are spoken. Mechanically, a teacher's vocabularly, pronunciation, and use of idiom would be greatly improved. Using a language as a means of communication, with people who speak it as their native tongue, is very different from classroom conversation, and, perhaps, even more important, would be the development of the teacher's understanding of the country, its people, customs, and civilization, and the natural interest and enthusiasm which a visitor to a foreign country obtains. The teacher's students and other teachers in the school system would benefit greatly.

Another benefit would be derived. American teachers going abroad under this program would be excellent representatives to foreign countries of American culture and the American way of life. Exchange of persons programs are an effective way of improving the understanding of one country by the other. And the effectiveness is increased greatly when the people involved are a selected group like our teachers, and even more when they are going abroad for a specific study program in their own professional field.

I am convinced that this program would result in a real improvement in modern foreign language teaching, at a very moderate cost.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

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

The bill (S. 1205) to amend the National Defense Education Act of 1958 in order to provide advanced training for teachers of foreign languages in the areas in which such languages are used, introduced by Mr. FULBRIGHT, 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 Title VI of the National Defense Education Act of 1958 is amended by inserting at the end thereof a new part as follows:

"PART C—FOREIGN STUDY

"Authorization

"SEC. 621. The Commissioner is authorized, during the period beginning July 1, 1959, and ending with the close of June 30, 1962, to make grants to individuals, who are engaged in the teaching, in an elementary or secondary school or an institution of higher education, of any modern foreign language (with respect to which the Commissioner makes the determination under clause (1) of subsection (a) of section 601). Such grants shall be for the purpose of enabling such individuals, during the summer period when their services as teachers are not required, to obtain in an area, region, or country in which the language they are teaching is commonly used, advanced training in such language and training in other fields needed for a full understanding of such area, region, or country.

"Funds made available

"SEC. 622. (a) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the Commissioner, in carrying out the provisions of this part, may use currencies, or credits for currencies, of any foreign government (1) held or available for expenditure by the United States and not required by law or agreement with such government to be expended or used for any other purpose, or (2) made available under the provisions of subsection (b) of this section.

"(b) In order to make additional funds available for the purposes of this part the Secretary of State is authorized to enter into an executive agreement or agreements with any foreign government for the use of currencies, or credits for currencies, of such government deposited pursuant to agreements entered into under section 142(b) of the Mutual Security Act of 1954 or section 115(b)(6) of the Economic Cooperation Act of 1948, and not required by agreement with such government to be expended or used for any other purposes.

"Appropriations authorized

"SEC. 623. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this part."

SEC. 2. The table of contents of the National Defense Education Act of 1958 is amended by inserting after

"Sec. 611. Authorization."

the following:

"PART C—FOREIGN STUDY

"Sec. 621. Authorization.
"Sec. 622. Funds made available.
"Sec. 623. Appropriations authorized."

PROTECTION OF JURISDICTION OF SUPREME COURT

Mr. JAVITS. Mr. President, on behalf of myself, the Senator from Pennsylvania [Mr. CLARK], the Senator from Missouri [Mr. HENNINGS], the Senator from Minnesota [Mr. HUMPHREY], the Senator from North Dakota [Mr. LANGER], the Senators from Oregon [Mr. MORSE and Mr. NEUBERGER], and the Senator from Wisconsin [Mr. PROXMIRE], I introduce, for appropriate reference, a joint resolution proposing that the United States Constitution be amended to protect the jurisdiction of the Supreme Court as final authority in all cases involving constitutional issues.

Mr. President, I introduce the joint resolution today because it follows as a proper sequel the action taken on Tuesday by the American Bar Association's House of Delegates.

A serious controversy which is brewing may again endanger the traditional role of the U.S. Supreme Court as ultimate arbiter on the construction of the Constitution. Almost all the proposals included in the Jenner-Butler bill of last

session, which was meant to strike directly at the Supreme Court's jurisdiction in constitutional cases have been reintroduced this year. Individually, many of these bills are meant to deal with specific decisions by the Court; but their cumulative effect is to encourage raiding on the Supreme Court's jurisdiction and basic function, inherent in our form of government, as ultimate protector of the rights of individuals and minorities.

The latest development in this gathering storm took place on Tuesday of this week in Chicago, when the American Bar Association's House of Delegates adopted a series of resolutions directed against Supreme Court decisions dealing with internal security. If they are misunderstood or misconstrued by the American people, there is a very real danger that these resolutions will bolster proposals to limit the Court's jurisdiction to declare laws unconstitutional, a proposition rebutted by these very American Bar Association resolutions, as adopted by its house of delegates.

By massing together the cases to which exception is taken, and by attributing a weakening in our internal security posture to some of the recent decisions by the Supreme Court, the American Bar Association has run the risk of creating the very impression it seeks to refute, for the general public may very easily construe the association's resolutions to mean that the damage was done by wrong or harmful decisions of the Court, rather than by the inadequacy of law and practice which were actually responsible for producing the effect on internal security.

Mr. President, it seems to me that even the bar association's resolutions themselves, whatever there may be to argue about in respect to them, make it clear that, as I understand them, broad, omnibus proposals intended to take away appellate jurisdiction of the Supreme Court in the constitutional law cases are, as I read the resolutions, unwise and are likely to create more problems than they will solve.

Mr. President, previously I have analyzed, and in later speeches I will analyze again, the detailed changes which the Congress has an absolute right to make in respect of decisions of the Supreme Court which indicate where changes have been made. But when the Supreme Court decides on the law, I do not believe it weakens our internal security. If we wish to change the law, it is our job to change it. But we cannot complain that in that way the Court is acting as a legislative arm.

I believe the time has come to certify that the jurisdiction of the Supreme Court is as much ingrained in the Constitution as is the jurisdiction of the Congress or as is the jurisdiction of the President. However, that is not so today. I do not believe the people understand that. This defender of the liberties of the individual—which in the final analysis is what the Supreme Court is—should have its jurisdiction, in terms of its powers, written into the Constitution, just as in the case of the other coordinate branches of the Government.

In our zeal to protect and bolster our internal security, we must never forget that the whole society we seek to safeguard is built upon the proposition that the law as it is decided for one—even one whom all of us may abhor, such as a confirmed Communist—is the law as it is decided for all, including the ordinary citizen who may at any time be accused of a crime, major or minor. It is in this framework that the Supreme Court for more than 156 years has been the guardian of the rights of the individual, performing functions indispensable to each citizen's well being. That is why its jurisdiction with regard to the constitutionality of all laws and actions needs to be spelled out in the Constitution, and not left exposed to the varied political whims or the political climate existing in the Congress at any given time.

Therefore, I believe it is essential that this joint resolution be introduced, so that sincere efforts to clarify congressional intent previously interpreted in decisions by the Supreme Court will not be confused with any all-out drive by the "court raiders" to deprive the Supreme Court of its jurisdiction, or will not be used by them to further their cause. Those of us who opposed the mass attack against the Supreme Court last year, as contained in the Jenner-Butler bill—and that includes the American Bar Association, which opposed it, and previously had recommended a constitutional amendment itself—now have a crystal-clear duty to assure the jurisdiction of the Supreme Court by providing for it in the Constitution. The Court's function of protecting individual freedom must be made secure; it must be put beyond the reach of political pressures or adverse reactions to individual decisions which may prove highly unpopular to any group, be it liberal or conservative.

Although the Supreme Court has, by tradition, historical acceptance, and the continuity of Court decisions, exercised authority to declare unconstitutional any act of Congress or law of a State, and has truly expressed the supreme law of the land in all cases involving constitutional issues, nowhere has that authority been specifically vested in it by the Constitution. There exists the ever present threat that it can be taken away by Congress at any time. It is my intention and that of seven of my colleagues, therefore, to amend section I of article III of the Constitution, which now states that the Court shall have appellate jurisdiction, both as to law and as to fact, with such exceptions, and under such regulations, as the Congress shall make. The amendment would add to that section this new sentence:

> In all cases arising under this Constitution the Supreme Court shall have appellate jurisdiction, both as to law and fact.

It is virtually important that this jurisdiction be confirmed now so as to put an end to—in the words of the American Bar Association report—"omnibus proposals for limiting its (the Supreme Court's) appellate jurisdiction." Such an amendment does not mean that all of us must automatically agree with all the Court's decisions; but those of us who are lawyers do understand and recognize the effectiveness within our constitutional system of a judicial tribunal to give final interpretations of the Constitution. Neither will such a constitutional amendment in any way impede Congress from exercising to the full its legislative duty to set forth its intent in new statutes, when it believes that the Supreme Court mistakenly interpreted its intent in a prior statute. Undoubtedly, there are several appropriate areas which call for congressional action to close up loopholes which I believe are generally attributable to the past failure or inadequacy of Congress to act, rather than to the Court's decisions.

For example, Congress ought to remedy its failure to define in precise terms the authority of the House Committee on Un-American Activities. Similarly, it should determine the question of principal involved in preempting the entire field of sedition against the United States as a field for Federal laws, or whether State laws should also be allowed to have concurrent enforceability—a question raised in the famous Nelson case. Yet another example is offered in the Smith Act decision regarding the language on advocacy of an abstract doctrine, compared with advocacy of action in connection with overthrowing the Government by force. That case involves constitutional questions which would have to be resolved, notwithstanding any law passed by Congress.

This joint resolution is similar to the one I introduced in the 85th Congress in 1958, and has the same sponsors.

The PRESIDING OFFICER. The joint resolution will be received and appropriately referred.

The joint resolution (S.J. Res. 57) to propose an amendment to the Constitution of the United States relating to the jurisdiction of the Supreme Court, introduced by Mr. JAVITS (for himself and other Senators), was received, read twice by its title, and referred to the Committee on the Judiciary.

PROPOSED AMENDMENT OF CONSTITUTION RELATING TO A VOTE FOR CITIZENS OF WASHINGTON, D.C.

Mr. CASE of South Dakota. Mr. President, when you stop to think about the matter, it is a shocking thing that the country which boasts of leadership in promoting self-government and freedom does not provide a voice for the people who live at its own seat of government—Washington, D.C.

Under the Constitution, Congress has the exclusive legislative responsibility for the District of Columbia. Yet no person whose legal residence is Washington, D.C., has a vote in electing any Member of or Delegate to the Congress.

Under laws passed pursuant to the Constitution, the President selects the Commissioners who administer this city's government. Yet no one whose voting residence would be Washington, D.C., has any voice in the election of the President. Only the echo of a voice is provided by the legislation which was enacted within recent years to provide

machinery whereby delegates to national party conventions might be democratically chosen.

For the actual election of a President or presidential electors, citizens of Washington do not vote.

It is time that this situation was changed.

To that end, Mr. President, today I am introducing, for appropriate reference, a constitutional amendment to be submitted to the States.

This amendment would provide for the election of three presidential electors.

Also, consistent with the basis for electoral apportionment, whereby presidential electors reflect representation in the National Congress, this amendment proposes that the people of the District shall be entitled to elect in such manner as the Congress may provide, three Delegates to the House of Representatives with such powers as the Congress, by law, shall determine.

This proposal, Mr. President, I believe, will commend itself to the people of the several States.

In effect, it will provide that here at the seat of government of the United States, the hundreds of thousands of persons with the qualifications required by article II of the Constitution and who do not maintain voting residence in any of the several States, may have representation in the body that makes the laws under which they live and in the selection of the President who heads the executive branch of the Government for them even more directly and completely than for any other part of our country.

Mr. President, in this 150th anniversary year of the birth of Abraham Lincoln, it is "altogether fitting and proper" for us to resolve that those whose taxes we collect and spend, whose sons we take for military service, and whose day-to-day affairs we direct and govern, shall share in "government of the people, by the people, and for the people." This is the city where Lincoln gave his life that the Union might live. Let us honor his memory by action this year.

I ask unanimous consent that the text of the proposed constitutional amendment may follow these remarks in the RECORD.

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

The joint resolution (S.J. Res. 60) proposing an amendment to the Constitution of the United States granting representation in the House of Representatives and in the electoral college to the District of Columbia, introduced by Mr. CASE of South Dakota, was received, read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is hereby proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States:

"ARTICLE —

"SECTION 1. In choosing the President and the Vice President of the United States, the people of the District constituting the seat of the Government of the United States shall be entitled to elect, in such manner as the Congress may provide by law, three electors who shall possess the qualifications required by article II of the Constitution and whose ballots shall be cast and counted as provided by the twelfth article of amendment of the Constitution.

"SEC. 2. The people of the District constituting the seat of the Government of the United States shall be entitled to elect, in such manner as the Congress may provide by law, three delegates to the House of Representatives with such powers as the Congress, by law, shall determine.

"SEC. 3. (a) The Congress shall have power to enforce this article by appropriate legislation.

"(b) All legislation enacted pursuant to this article shall be subject to amendment and repeal.

"SEC. 4. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission to the States by the Congress."

CIVIL WAR CENTENNIAL MEDAL

Mr. O'MAHONEY. Mr. President, on behalf of myself, the Senator from New Mexico [Mr. ANDERSON], the Senator from Nebraska [Mr. CURTIS], and the Senator from Kentucky [Mr. MORTON], I introduce, for appropriate reference, a joint resolution to amend Public Law 305 of the 85th Congress relative to the establishment of a commission to commemorate the 100th anniversary of the Civil War, to authorize the manufacture and sale of a Civil War Centennial Medal.

Mr. President, the Civil War Centennial Commission in its meeting on January 6, 1959, unanimously adopted a resolution endorsing legislation granting it authority to enter into agreements with the Department of the Treasury with respect to the manufacture of a medal in commemoration of the centennial of the Civil War.

Money spent for the manufacture of such a medal would come from the appropriation already authorized for the Commission. The proposed joint resolution would give the Commission authority to sell these medals and the Commission hopes that it can sell them at premium above cost. Members of the Commission and others who render noteworthy service to the commemoration will be awarded medals. All the senatorial members of the Commission have joined to cosponsor the introduction of this joint resolution which is an amendment to the act of September 7, 1957, by which the Commission was created.

The PRESIDING OFFICER. The joint resolution will be received and appropriately referred.

The joint resolution (S.J. Res. 61) to amend Public Law 305 of the 85th Congress relative to the establishment of a commission to commemorate the 100th anniversary of the Civil War, to authorize the manufacture and sale of a Civil War Centennial Medal, introduced by Mr. O'MAHONEY (for himself and other Senators), was received, read twice by its title, and referred to the Committee on the Judiciary.

EXTENSION OF TIME FOR JOINT ECONOMIC COMMITTEE TO SUBMIT ITS REPORT

Mr. DOUGLAS. Mr. President, according to the Employment Act of 1946 the Joint Economic Committee is supposed to file its report on the Economic Report of the President on the 1st of March. The committee has voted unanimously to request that it be given until March 9 to file its report. I ask unanimous consent that this additional time be granted the committee.

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

TREATY OF AMITY WITH SULTAN OF MUSCAT AND OMAN AND DEPENDENCIES—REMOVAL OF INJUNCTION OF SECRECY

Mr. MANSFIELD. Mr. President, as in executive session, I ask unanimous consent that the Senate remove the ban of secrecy with regard to the treaty of amity, economic relations and consular rights with the Sultan of Muscat and Oman, Executive A, 86th Congress, 1st session, transmitted to the Senate today by the President of the United States, signed at Salalah on December 20, 1958, and that the treaty, with the accompanying papers, be referred to the Committee on Foreign Relations, and that the message from the President be printed in the RECORD.

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

The message from the President is as follows:

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith a treaty of amity, economic relations and consular rights between the President of the United States of America and the Sultan of Muscat and Oman and Dependencies, together with a protocol relating thereto, signed at Salalah on December 20, 1958.

I transmit also, for the information of the Senate, the report by the Acting Secretary of State with respect to the treaty.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *February 26, 1959.*

CHANGE OF REFERENCE OF NOMINATION

Mr. ROBERTSON. Mr. President, on January 17, 1959, there was referred to the Committee on Banking and Currency the nomination of T. Graydon Upton, of Pennsylvania, to be U.S. Executive Director of the International Bank for Reconstruction and Development for a term of 2 years.

In view of the fact that proposed legislation dealing with the International Bank for Reconstruction and Development subsequently has been referred to the Committee on Foreign Relations, I ask unanimous consent that the Committee on Banking and Currency be discharged from further consideration of the nomination reference and that it be referred to the Committee on Foreign Relations.

This request has the approval of the chairman of the Committee on Foreign Relations.

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

TAXATION OF INCOME OF LIFE INSURANCE COMPANIES—AMENDMENT

Mr. CARLSON (for himself and Mr. HARTKE) submitted an amendment, intended to be proposed by them, jointly, to the bill (H.R. 4245) relating to the taxation of the income of life insurance companies, which was referred to the Committee on Finance and ordered to be printed.

Mr. MORTON subsequently said: Mr. President, I ask unanimous consent that the amendment submitted earlier today by the Senator from Kansas [Mr. CARLSON], on behalf of himself and the Senator from Indiana [Mr. HARTKE], may lie on the desk until the Senate adjourns Monday next, in order that other Senators who may desire to do so may become cosponsors.

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

ALLEVIATION OF CONDITIONS OF UNEMPLOYMENT IN CERTAIN ECONOMICALLY DEPRESSED AREAS—AMENDMENT

Mr. KENNEDY. Mr. President, on behalf of the junior Senator from New Jersey [Mr. WILLIAMS], the senior Senator from Minnesota [Mr. HUMPHREY], the junior Senator from Minnesota [Mr. MCCARTHY], and myself, I submit, for appropriate reference, an amendment to Senate bill 722, the area redevelopment bill.

This amendment would provide assistance to those individuals, companies, and communities suffering serious injury or threatened with serious injury due to increased imports resulting from the national trade policy. In operation, the amendment would provide the President with a useful alternative to the choice presently available to him under the escape clause and peril point provisions of the Trade Agreements Act. If the Tariff Commission recommends an increase in tariffs, but the President finds that it would not be in the national interest to increase the duty, the President is authorized to report this to the Area Redevelopment Administrator. If the Administrator then finds that the reduction of trade barriers "can reasonably be expected to cause continuing unemployment of 6 percent or more," he may make available to the employees, employers, and communities affected all of the assistance provided by the Area Redevelopment Act.

I firmly believe in expanded trade among the free nations of the world. The Trade Agreements Act, which I supported, properly reduces barriers to such trade. However, many of our domestic industries which are legitimately in need of relief from imports learn after they go through the time-consuming, expensive procedures of the Tariff Commission to have their cases fairly adjudicated that the relief must be denied them for national policy reasons. I believe that this confers a responsibility upon the Federal Government to alleviate the distress to industry, the unemployment hardships of the workers, and the harm to the community. The bill does not subsidize American industry or relocate workers. Its only intention is to aid individuals, communities, and industries in their efforts to adjust to changed conditions.

The PRESIDING OFFICER. The amendment will be received, printed, and referred to the Committee on Banking and Currency.

NEW USES AND NEW MARKETS FOR FARM PRODUCTS—ADDITIONAL COSPONSORS OF BILL

Under authority of the order of the Senate of February 19, 1959, the name of Mr. SALTONSTALL was added as an additional cosponsor of the bill (S. 1124) to provide for a scientific study and research program for the purpose of developing increased and additional industrial uses of agricultural products so as to reduce surpluses of such products and to increase the income of farmers, and for other purposes, introduced by Mr. CAPEHART (for himself and other Senators) on February 19, 1959.

Mr. CAPEHART. Mr. President, I ask unanimous consent that the name of the Senator from New York [Mr. JAVITS] be added as a cosponsor of Senate bill 1124, the farm bill.

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

VETERANS READJUSTMENT ASSISTANCE ACT OF 1959—ADDITIONAL COSPONSORS OF BILL

Under authority of the order of the Senate of February 19, 1959, the names of Senators MCGEE, SPARKMAN, GREEN, MORSE, HILL, RANDOLPH, CHAVEZ, EASTLAND, LANGER, Mrs. SMITH, HUMPHREY, NEUBERGER, GRUENING, CLARK, KEFAUVER, PASTORE, HENNINGS, BYRD of West Virginia, WILLIAMS of New Jersey, KENNEDY, and MAGNUSON, were added as additional cosponsors of the bill (S. 1138) to provide readjustment assistance to veterans who serve in the Armed Forces between January 31, 1955, and July 1, 1963, introduced by Mr. YARBOROUGH (for himself and Senators MCNAMARA, YOUNG of Ohio, MURRAY, and HART) on February 19, 1959.

AMENDMENT OF AGRICULTURAL ADJUSTMENT ACT OF 1938—ADDITIONAL COSPONSOR OF BILL

Under authority of the order of the Senate of February 19, 1959, the name of Mr. CHAVEZ was added as an additional cosponsor of the bill (S. 1140) to amend the Agricultural Adjustment Act of 1938, as amended, introduced by Mr. CARLSON (for himself and other Senators) on February 19, 1959.

ENCOURAGEMENT AND DEVELOPMENT OF PETROLEUM AND COAL RESERVES—ADDITIONAL COSPONSORS OF BILL

Under authority of the order of the Senate of February 23, 1959, the names of Mr. RANDOLPH, Mr. Moss, and Mr. ANDERSON were added as additional cosponsors of the bill (S. 1157) to encourage the development of petroleum and coal reserves within the United States, introduced by Mr. O'MAHONEY (for himself and other Senators) on February 23, 1959.

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

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

By Mr. HARTKE:

Address delivered by Senator SYMINGTON at Jefferson-Jackson Day victory dinner, Indianapolis, Ind., February 14, 1959.

By Mr. FULBRIGHT:

Address delivered by Senator ROBERTSON at the finance industry staff conference, February 20, 1959.

By Mr. ERVIN:

Address delivered by Senator BIBLE before the Young Democratic Clubs of North Carolina on January 17, 1959.

By Mr. BARTLETT:

Address delivered by Senator GRUENING at exercises incident to the 1959 voice of democracy contest, in Washington, D.C., on February 25, 1959.

By Mr. YARBOROUGH:

Tributes to Ernest Joiner, owner and publisher of the Ralls (Texas) Banner, published in the 1958 edition of the South Plains Yearbook "Parade of Progress," and in the Texas Observer of September 19, 1958.

By Mr. WILEY:

Press release issued by him dealing with appointments to U.S. Service Academies.

Letter dealing with Operation Understanding.

NOTICE OF HEARINGS ON CERTAIN NOMINATIONS BY COMMITTEE ON FOREIGN RELATIONS

Mr. FULBRIGHT. Mr. President, as chairman of the Committee on Foreign Relations, I desire to announce that the Senate received today the following nominations:

Mrs. Clare Boothe Luce, of Connecticut, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Brazil, vice Ellis O. Briggs.

Henry J. Heinz II, of Pennsylvania, to be the representative of the United States of America to the 14th session of the Economic Commission for Europe of the Economic and Social Council of the United Nations.

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

MESSAGES FROM THE PRESIDENT

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

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDING OFFICER laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

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

DEDICATION OF STATUE OF DR. FLORENCE RENA SABIN, OF COLORADO

Mr. ALLOTT. Mr. President, at 2 o'clock this afternoon ceremonies will be conducted in the rotunda of the Capitol to honor a Coloradan whose contributions to the field of medicine have made her a beloved figure, not only in my own State, but nationwide.

The bronze statue of Dr. Florence Rena Sabin, who died in 1953, is the first to be placed in Statuary Hall by Colorado. The ceremonies today climax a program, begun nearly 5 years ago, to raise the funds necessary to obtain the statue. All the money has been obtained through public contribution—pennies, as well as dollars—another expression of the esteem in which this remarkable woman is held by the people in my State.

Dr. Sabin won dual fame, first for her outstanding achievements in the field of medical research, and later for her successful battle to improve Colorado health laws and standards.

She was the first woman to be appointed a full professor at Johns Hopkins Medical School. As a student, Dr. Sabin constructed a model of the brain of a newborn child, a hallmark in its field, providing a new area of medical knowledge. In 1925, this native of Central City, Colo., became the first woman elected to life membership in the National Academy of Sciences.

She was the first woman to head a department at the Rockefeller Institute for Medical Research, where she established a Department of Cellular Studies.

As a member of a committee appointed by the National Tuberculosis Association, Dr. Sabin helped integrate various tuberculosis studies, and gave the entire research effort more meaning.

In 1938 this grand woman decided to retire and return home. But 6 years later she moved into what was to become one of her most important roles, membership and leadership on a statewide committee on health.

By 1946 her "quiet hobby" had begun to show signs of the tremendous effect it was to have on our State health program, and the next year the Colorado Legislature passed seven of the eight Sabin health bills.

Dr. Sabin died of a heart attack on October 3, 1953, while watching a world series baseball game. She was 81.

Her death has created a void which today's ceremonies will only partially fill. The statue to be dedicated is a humble tribute from her fellow Coloradans to a remarkable woman and a great humanitarian.

VERMONT TIES OF DR. FLORENCE R. SABIN

Mr. PROUTY. Mr. President, Vermonters, as well as Coloradans, are proud of the contributions to human welfare of Dr. Florence Rena Sabin, to whose memory an impressive statue will be dedicated this afternoon in the rotunda of the Capitol.

Although Dr. Sabin was born in Colorado, her roots and antecedents were entirely in Vermont. Her father, George Kimball Sabin, was a member of one of the pioneer families in the village of Rockingham, Vt., near Bellows Falls. Various members of the Sabin family were active in local community and State affairs. The Sabin farm was one of the early landmarks of the area.

Dr. Sabin's father moved to Colorado, and became a mining engineer. There he met and married Rena Miner, who had come from Vermont, to teach school in the rugged West. They sent their two daughters, Florence Rena and Mary Sophia, back to Vermont, to have the advantage of their cultural heritage in the Green Mountain State.

Both girls attended the Vermont Academy, at Saxtons River. Florence was graduated from that academy in 1889. Until her death in 1953, at the age of 81, she maintained her interest in the Vermont Academy, and is considered by this school to be its most illustrious graduate. She was made a charter member, cum laude, of the academy's honorary scholastic society; and students and graduates of the academy have contributed generously to the fund which made possible the statue dedicated today.

The Vermont Academy, where Dr. Sabin's intellectual and scientific curiosity was first aroused, is one of the many small but fine educational institutions in Vermont which attract students from many parts of the country. Founded as a coeducational school in 1876, it has since 1931 been an outstanding boarding school for boys.

After graduating from the Vermont Academy, Florence Sabin earned her B.S. at Smith College and her M.D. at Johns Hopkins Medical School, where she later became the first woman to attain the rank of full professor. In 1925 she joined the staff of the Rockefeller Institute for Medical Research, where she established and headed a department of cellular studies, and continued her research on blood and concentrated on the origin of tuberculosis. She also made notable contributions to knowledge of the lymphatic system and the brain.

Dr. Simon Flaxner once referred to Dr. Sabin as "the greatest living woman scientist and one of the foremost scientists of all time." It is not surprising that the National Academy of Sciences made her its first woman member, or that she became the first of her sex to be elected president of the American Association of Anatomists. Dr. Sabin was designated one of the 12 great women of the world and was the recipient of more than a dozen honorary degrees.

After her retirement in 1938 she initiated, fought, and won a hard battle for the improvement of public health laws in her native State, for she was not only interested in basic science, but in the application of science to human welfare.

"A time will come," she declared, "when men and women will live their allotted span quietly, peacefully, without illness, free from pain, until they pass gently, as a tired child closes sleepy eyes, from this world to the next."

Dr. Florence Sabin has helped to bring that time closer to our own. Vermont is proud to join Colorado in paying tribute to the memory of a truly great woman.

THE CARNATION AS THE NATIONAL FLOWER

Mr. ALLOTT. Mr. President, in this hallowed Chamber, we are approaching a somewhat weedy situation. Various proposals for designation of our national flower are springing forth like shoots after a wet spring. They threaten to overrun other, even more vital issues.

I have nothing but the deepest of respect for my midwestern friends who champion the corn tassel. There is no great personal objection on my part to the reproductive significance of this fertile portion of that grand vegetable. Nor do I disdain the grass on which we walk, and which others would have us call our "flower."

My admiration for the good taste of the advocates of the rose is equally great. I grow the flower in my own garden at home. Like so many others, I have been injured by its thorns; but I bear the flower no malice.

However, for our national floral emblem, all these proposals suffer from distinct blights. Two are not true flowers in the accepted sense. The third is the national flower of five other nations, against one of which our forefathers fought—and in that conflict so many died—to gain our country's freedom.

Therefore, I propose as our national flower, a true flower, one which is the most widely grown cut flower in the United States, one which is perpetually flowering and knows no season. I present it in the spirit of Webster, Clay, and Calhoun, the spirit of amicable compromise. I offer for your consideration, Mr. President: The carnation.

Here is a flower acceptable to and appropriate for men as well as for women. Yet it has been accepted by former Congresses and Presidents as the official flower of Mother's Day.

The carnation is a true flower. It is grown and used only for its floral beauty and its symbolism. It has no problems, no thorns, no foliage dropoff, virtually no allergic effects.

While the carnation never has been chosen as the flower of any other nation, it has a history going back to antiquity. It grew wild in the hills of Greece before the birth of Christ. It appears frequently in the paintings of the Middle Ages and of the 18th and 19th centuries. As a flower, it has been

brought to perfection here to the point that many varieties are classed as American carnations.

As a favorite of all nationalities and races, of people such as President McKinley, and as a flower of all areas of our Nation, the carnation is particularly important as a symbol of our past, our present, and our future.

In selecting something so beautiful as a national flower should be, let us cultivate the good which makes America. Let us not mock the flower or mimic other nations. Let us not quarrel over such matters. Let us unite behind the carnation. Let us resolve this floral dispute by forging the second "great compromise."

Mr. President, I ask unanimous consent that a joint resolution on the carnation as the national flower may appear at the conclusion of my remarks. The joint resolution is cosponsored by the junior Senator from Colorado [Mr. CARROLL], the Senator from Wisconsin [Mr. WILEY], the Senator from Montana [Mr. MANSFIELD], the Senator from Indiana [Mr. CAPEHART], and the Senator from Ohio [Mr. LAUSCHE].

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

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the carnation is hereby designated and adopted as the national flower of the United States and the President is requested to declare such fact by proclamation.

Mr. KEATING subsequently said: Mr. President, I wish to express my personal gratitude to the distinguished Senator from Colorado [Mr. ALLOTT] for sending to me today a carnation to wear.

However, I invite his attention to a fact with respect to which he may not be informed, regarding the proudest, oldest, and loveliest flower—the rose. I invite his attention to the fact that fossils of the genus rosa, establishing the existence of the rose on this continent for more than 33 million years—considerably longer than this body has been in existence—were found in his own native State of Colorado. It is possible that this horticultural fact has escaped the attention of the Senator from Colorado, and that upon realization of that fact he may feel that Colorado should join the State of New York, which has made the rose its State flower. I sincerely hope that that will be the effect of my remarks today.

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

Mr. KEATING. I yield.

Mr. ALLOTT. I am delighted to hear the Senator speak. It is too bad he could not have paid more attention when I was delivering my very graceful—I think—address upon the carnation.

I have already pointed out that five other countries have adopted the beautiful and fragile rose as their national flower. A little over 150 years ago we fought a war to free ourselves from one of those nations.

I agree that the rose is a very beautiful, fragile flower. It looks beautiful in a vase.

However, I invite the attention of my distinguished colleague, who is one of my fine personal friends, to the fact that while the rose looks better upon the gown of a woman, the carnation is a flower which both men and women—and particularly men—may wear, with confidence in its ruggedness, its fertility, its virility, its courage, and all the other attributes that go with it.

Mr. KEATING. I think any flower looks better when worn by a woman than in any other surroundings.

I appreciate the remarks of the Senator from Colorado, but it seems to me that he has added an argument for the adoption of the rose, because, of all things we are seeking to accomplish in this world, one of the foremost is a closer relationship with our friends and allies. Perhaps the adoption of the rose as the national flower would tend to effect closer relationships.

The PRESIDING OFFICER. The time of the Senator from New York has expired.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the Senator from New York be granted an additional minute, in order that he may yield to me.

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

Mr. DIRKSEN. Mr. President, will the Senator from New York yield to me?

Mr. KEATING. I yield to the Senator from Illinois.

Mr. DIRKSEN. Of course, English history records the War of the Roses, between the House of York and the House of Lancaster. I hope, after this long interlude, that the War of the Roses will not be resumed.

Mr. HICKENLOOPER. Mr. President, I am distressed to hear what I consider to be the misguided arguments being advanced here today.

The idea of a national flower or a national floral emblem is highly desirable, but I invite attention to the fact that some of us have introduced a bill proposing that the corn tassel be the national flower. With all respect to my friend from Colorado and my friend from New York, one of whom advocates the carnation and the other the rose, the corn tassel has various attributes. Corn has varied and diverse uses. One can speculate indefinitely on the use of corn in many ways. The corn tassel is a very beautiful flower. It represents food, among other things. It represents the strength of our country. It represents the hope of our agricultural regions—and all States are agricultural.

It seems to me that it is not only decorative, but it has great utility, which should appeal. While the rose is beautiful, and is grown in all States, and while the carnation is a wonderful flower, and has great sentimental value, being seen in profusion at funerals, and while I would not discredit the beauty of those flowers, I importune my colleagues to think about the stability and utility of corn, as represented by the corn tassel.

Mr. KEATING. I do not intend to express opposition to corn.

Mr. NEUBERGER. Mr. President, I should like to point out to my colleagues on the other side of the aisle that more roses grow in Oregon than in any other State, and that, unlike the corn tassel, the rose does not need price supports to enable it to flourish. [Laughter.]

Mr. MORTON subsequently said: Mr. President, I regret that I was necessarily absent during the early part of the morning hour because of an engagement I had in downtown Washington. I wish I had been present on the floor at the time my colleague from Colorado introduced his joint resolution designating the carnation as the national flower of the United States.

Mr. President, I wear a carnation. I might add it was given to me, free. I bear the carnation no malice. It is a beautiful flower. From the esthetic standpoint, it serves as a thing of beauty. I have not been able to find that it makes any great contribution to the welfare of our Nation or that it is essential to our economic survival in this troubled world.

I understand, too, that the corn tassel came up for more discussion this morning as a proposed national flower. May I point out that the corn tassel is not a full flower. It is merely the male flower. The ear of the corn is the female flower of the corn plant. I do not think we want to get into any controversy that is going to lose us the women's vote because of our adopting a male flower as the national floral emblem.

I might add, incidentally, that corn is converted into various products. Some of this conversion takes place in my native State of Kentucky. I know from experience we do not want to get into a debate, on what should be the national flower, that is going to stir up the Anti-Saloon League.

I again bring forth the proposal I made some time ago. At the appropriate time I shall introduce the proper resolution. It is that grass be our national flower.

There are those who say grass is not a flower, but I point out that grass does flower and seed. I point out that our first important resource is grass, and that our most important resource is the cow. Let us look at the cow, the foster mother of mankind. Where would the cow be, and, further, where would mankind be, but for grass? We are a meat-eating people. How could we satisfy our national hunger for meat, if it were not for grass, on which feed the animals that supply us with beef and mutton and lamb in such lavish quantities?

It was grass that was mentioned first in the story of creation. It was grass, with its deep, penetrating roots, that gave fertility and protection to the great plains and prairie soils of America. It was grass that sustained the buffalo, whence came our forefathers' food. It is grass that feeds the lowing cattle, the gentle sheep, the patient horse. It is to grass that we turn to heal our fields after they have been eroded and ravished by the plow and the cultivator. Grass is truly the hope of the conservationist and the dream of the naturalist.

Mr. DOUGLAS. Mr. President, I was somewhat surprised to come into the Chamber and learn that the Senator from Kentucky was eulogizing grass as the national floral emblem. I think this

is an attempted travesty on a very important subject. The Senator from Illinois, together with other Senators, has introduced a resolution making the golden corn tassel our national floral emblem.

I think the Senator from Kentucky was attempting, in a very subtle fashion, to ridicule the resolution. Let me say this so far as the golden corn tassel is concerned——

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

Mr. DOUGLAS. I yield in a minute.

While I do not intend to reflect upon the chief product of Kentucky, which is grass, and very green grass—not blue, but green—I do want to say the golden corn tassel is the natural American floral emblem.

The rose has its backers, and the rose is a beautiful flower; but the rose is already the national flower of Great Britain, Costa Rica, Iran, and I think one other country.

I do not believe we should slavishly adopt the floral emblem of other nations. Furthermore, we should remember that while the rose is beautiful, according to history it was the occasion for the war between the houses of Lancaster and York, between the followers of the White Rose and the followers of the Red Rose. I do not think that we should have such military connotations attached to any American floral emblem.

What I am proposing is the golden corn tassel as a symbol both of the beauty and the bounty of the Nation. Nothing could be more beautiful than a field of corn in full flower. The golden corn tassel is not only beautiful esthetically, but it is a symbol of the richness of our soil and the generosity of our nature.

Furthermore, corn is indigenous to the North American hemisphere. We have found minute ears of corn at least 5,000 years old among the remains of the Indian tribes of the Southwest. I have in my office a photograph of a Mexican piece of sculpture of approximately 1100 A.D., in which the ears of corn are no longer minute but are almost as large as the normal ears of corn today.

It was corn which kept the Pilgrims alive during the first hard winter at Plymouth. It was corn which kept the Jamestown settlers alive during the first difficult winters. Corn went with the pioneers across this Nation and furnished the main source of food for the settlers. Corn is now the chief farm crop of the United States. The center of the corn industry is of course in Iowa and in my own State of Illinois.

Mr. BYRD of West Virginia. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield.

Mr. BYRD of West Virginia. I will say to the distinguished Senator from Illinois it is corn which is now keeping alive about 300,000 West Virginians, since they do not have employment and their sole sustenance seems to be surplus commodities.

Mr. DOUGLAS. The Senator from West Virginia reminds us of a very tragic fact, that there are hundreds of thousands of families in this country close to starvation, who can only get cornmeal and a few other food products. I wish they could get more corn. We would be glad to let them have wheat, also. When people are in trouble they turn to corn.

Mr. MORTON rose.

Mr. DOUGLAS. I will say to the Senator from Kentucky, a large part of the prosperity of Kentucky has been built upon corn, also—corn put into a liquid form. It is corn which perhaps should not have been imbibed by the people of this country, but nevertheless it is taken in a liquid form.

It ill behooves the Senator from Kentucky to try to upgrade grass and downgrade corn.

Mr. MORTON. Mr. President, will the Senator yield

Mr. DOUGLAS. I yield.

Mr. MORTON. I want to make clear I was not trying to ridicule the Senator's resolution. I know the Senator is serious and is perfectly sincere in his objective.

As I pointed out earlier, there are some difficulties which I foresee in the legislative path with regard to the adoption of a national flower, as we go through the long legislative process of providing law.

I considered the case of corn, and I pointed out that the corn tassel is the male part of the flower and is not the full flower. The Senator will find Susan B. Anthony rolling over in her grave, should he make the fight for the corn tassel.

With respect to the Senator's remarks regarding the contribution of corn in my own State, the Senator will find the Anti-Saloon League and the WCTU knocking on his door to say, "Down with the corn tassel."

I merely bring out the point that the road before the Senator is a hard and rough road. I wish him well, but I intend to continue the fight for grass.

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

Mr. DOUGLAS. Mr. President, I ask unanimous consent that I may continue for 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. DOUGLAS. I merely say we intend to keep up the struggle to have the golden corn tassel adopted as the American floral emblem. We shall use all proper and legitimate arguments in this endeavor. At a later time I shall develop the arguments at greater length.

Mr. BYRD of West Virginia. Mr. President, will the Senator yield, before he proceeds?

Mr. DOUGLAS. I yield.

Mr. BYRD of West Virginia. In regard to the comments made by our distinguished friend from Kentucky, although I believe I have no relatives who are members of the Anti-Saloon League, the organization might very well have good reason to become concerned about the matter, since it is a fact that the people of this country spend $10 billion a year—$10 billion every 12 months—for the liquid products of corn and some of the other grains.

I sometimes think of a billion in this way: Only a billion minutes have passed since Jesus Christ was born, yet the people of this country every 365 days spend $10 for every minute which has passed since Jesus Christ was born. For what do they spend it? They spend it for something that destroys the minds, bodies, families, and reputations of the American people. It is nothing less than "booze."

I rise to the defense, if one might wish to say it in that manner, of those organizations which are striving to combat an evil which is taking lives of Americans every day, which is sending young men and young women to their deaths, and which is causing individuals to be sent to the electric chair.

I realize the reference was made in a moment of levity, but it is very well that I make a serious occasion of it while we are talking about the matter.

Mr. DOUGLAS. I appreciate the comments of the Senator from West Virginia.

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

EQUALIZATION OF RETIREMENT PAY OF MILITARY PERSONNEL

Mr. ALLOTT. Mr. President, on the 19th of January I cosponsored a measure designed to equalize the retirement pay of our military personnel. Oftentimes we forget the great service rendered by these people, and we are prone to turn them out to pasture without proper regard for their future. It is my hope that this measure will be approved and the inequities it undertakes to correct be abolished. Recently, the Army-Navy-Air Force Register published an editorial in this area which I commend to all my colleagues. I ask unanimous consent that it be printed at this point in the RECORD, so that they may read it with greater ease.

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

TEN YEARS TOO LONG

Congress has had 10 years to correct an inequity which deprives certain officers of their proper retirement credit.

For one reason or another, neither the Pentagon nor Congress has put enough steam behind any proposal to make this up to the officers affected.

Here's the problem. When Public Law 810 was enacted there was a provision under title II relating to Reserve officers with less than 10 years of active duty as commissioned officers, which gave them retirement as officers upon completion of a total of 30 years' service.

The law says that after 30 years, counting the active duty time and the time spent in retirement, the enlisted man would be advanced on the retired list to the highest commissioned grade in which he served on active duty in a satisfactory manner for at least 6 months. His retired pay would then be recomputed on the new retired status.

This was fine, but there was one defect. An officer who served in one branch of the Armed Forces and then completed his enlisted service in another branch could not get this benefit.

This could affect men who transferred from the Army into the Air Force, for instance, or from the Navy to the Coast Guard for one reason or another.

There is now no legal authority for the Secretary of the service in which the man had served as an officer to retire an individual of another branch.

H.R. 2492 would correct this inequity. It should get Pentagon and congressional support. And, in view of the long delay in making the adjustment, Congress might be wise to make the payments retroactive to all who have lost benefits thus far.

Only a small number of men are involved, about 500, but the principle of equal treatment is an important one.

CURRENT AGRICULTURAL PROBLEMS AND PROPOSED SOLUTIONS FOR THEM

Mr. ERVIN. Mr. President, on February 21, 1959, the able and distinguished senior Senator from Louisiana [Mr. ELLENDER] made a significant speech to the Seventh Farm Press, Radio and TV Institute at North Carolina State College in Raleigh, N.C. Inasmuch as the thoughtful comments of the Senator from Louisiana deserve the consideration of all Members of the Senate and ought to be made available to them, I ask unanimous consent that his speech be printed in the body of the RECORD.

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

SPEECH BY SENATOR ALLEN J. ELLENDER AT NORTH CAROLINA STATE COLLEGE DURING THE SEVENTH FARM PRESS, RADIO, AND TV INSTITUTE ON FRIDAY, FEBRUARY 21, 1959

Ladies and gentlemen, I appreciate your invitation to join with you in opening the Seventh Farm Press, Radio and TV Institute, and especially to have the opportunity to talk with you about agriculture.

I would like to commend all of those who contributed to the promotion of this meeting. In my opinion, the interchange of ideas and information which I am sure will take place here tonight and tomorrow will be of tremendous benefit, not only to you who participate, but also to the thousands of farmers whom you will reach in the days ahead.

I would also like especially to commend the newspaper, radio and television representatives who have taken the time and trouble to attend this meeting. There is no doubt that you have much persuasive power at your command. You can inform, you can explain, and in so doing you can mold public opinion. But with this power comes responsibility, also the need to be well informed yourself, and I think that your attendance here is a fine display of the interest you have and the obligation you entertain for your profession and the people.

Your attendance is ample evidence of a deep interest in the problems of agriculture and indicative, I hope, of a sympathetic attitude toward farmers. This is why I seized on the opportunity to talk with you tonight.

Let me emphasize that never before in the history of our country have farmers been in greater need of sympathetic understanding than today. As a member of the Senate Agriculture and Forestry Committee for the past 22 years, I can give you assurance of the truth of that statement.

Agriculture is in trouble. Serious trouble. Every farm program now on the books is in danger.

And why?

Simply because there has been a persistent campaign waged over the last 6 years to drive a wedge, first, between city people and farmers, and second, between farmers themselves.

As a result, farm organizations are divided; growers of different crops do not see eye to eye, and there is even division between some growers of the same crop.

The truth is that agricultural legislation of a beneficial nature to farmers is extremely difficult to enact. As a matter of fact, friends of agriculture who are aware of minor weaknesses in existing law hesitate to suggest changes for fear that the roof will fall in, dashing the whole program to the winds.

Now, I am not an alarmist. But I see and hear these things every day. This administration has talked more and done less for agriculture than any other administration in our history. They have talked in platitudes sprinkled liberally with freedoms. Freedom to plant. Freedom to make decisions. Freedom from Government interference, and so forth, but they don't mention freedom to starve. They talk in terms of expanding markets. Not next year you understand, or the year after, but always in terms of "the hereafter."

In my judgment, if there is to be any change in the attitude of those who now feel that agriculture is receiving preferential treatment over other segments of our economy, it will be your task, the molders of public opinion, to lead the way. Only through sympathetic treatment, by presenting the whole picture, will there be a clearing of the misconceptions regarding agriculture. Expenditures by the billions are charged to agriculture when the facts are the exact opposite. The high cost of living is laid at the doorstep of the farmer; when you and I know that is not true.

I have been asked to discuss probable legislation in the 86th Congress. While I have been at this game too long to make a flat prediction, I will try to indicate some areas wherein legislation is possible. I shall also point out some of the weaknesses of the different proposals as I see them. However, I can assure you of one thing, that is, any legislation enacted during this session will be in the nature of a compromise and will not be completely satisfactory to everyone.

Earlier this week Mr. Benson came before the Senate Committee on Agriculture and Forestry with the administration's recommendations on agricultural legislation.

Now I know that the people in this area are particularly interested in tobacco, cotton, and peanuts, and I will discuss the specific proposals as regards these crops in just a minute. But for the present I want to bring before you the overall recommendations as made by the President in his message of January 29.

The President said, and I quote: "I recommend that prices for those commodities subject to mandatory supports"—he means all of the basics which include tobacco, cotton, and peanuts, as well as dairy products—"be related to a percentage of the average market price during the immediately preceding years. The appropriate percentage of the average market price should be discretionary with the Secretary of Agriculture at a level not less than 75 and not more than 90 percent of such average in accordance with the general guidelines set forth in the law. * * * If * * * the Congress still prefers to relate price supports to existing standard"—he means parity—"the Secretary should be given discretion to establish the level in accordance with the guidelines now fixed by law for all commodities except those for which supports presently are mandatory." Here he means zero to 90 percent of parity—still quoting the President—"The effect of either would be to reconcile the farm program with the facts of modern agriculture, to reduce the incentive for unrealistic production, to move in the direction of easing production controls, to permit the growth of commercial markets and to cut the cost of Federal programs." Amen.

Now this is the administration's program, and I ask you just what does it guarantee?

I read the message and re-read it. I studied it, and I questioned Mr. Benson, and this is what I found out.

The only thing guaranteed in this recommendation is lower farm prices.

I must admit it sounds good, but the only trouble is it will not do good.

So let us analyze the message.

Specifically the President says that the effect will be: First, to reconcile the farm program with the facts of modern agriculture.

Now I am not sure what he means, but it could mean that because of increased efficiency the price should be lower. It could also mean that because of increased yields the price should be lower. In either event it means lower prices.

Second, to reduce the incentive for unrealistic production.

Here, there is no question—obviously he means a lower price.

Third, to move in the direction of easing production controls.

This is a very popular point. Most farmers today would like, and in some cases need, increased allotments in order to make ends meet. This is a very real problem.

But I want you to notice that the President does not guarantee increased acreage now, next year, or at any time. He says only that we are going to move in that direction.

It seems to me that any realistic appraisal of the domestic market and the world market would indicate the utter fallacy of this suggestion.

Take cotton for example. At the present time domestic consumption is about 8 to 8½ million bales, while production on the 16 million acres minimum national allotment will be about 14 million bales. Obviously it is necessary to export about 40 percent of total production. Yet this year, the Department of Agriculture is exporting subsidized cotton at competitive world prices and the estimate of total exports is about 3 million bales. This, coupled with domestic requirements is far short of expected production. In addition, cotton farmers can elect a 40-percent increase in acreage for a lower support, both this year and next. Therefore, I cannot understand how the President can expect to increase acreage—at least not in the foreseeable future.

In my judgment the President's stand on this point is a sham, a deception.

Fourth, to permit the growth of commercial markets.

This is a laudable statement, and I think we should permit the growth of markets. Furthermore, I can assure the President that markets will grow—as dollars become available in foreign countries and as population grows, but no faster.

Fifth, to cut the cost of Federal programs.

This is a point on which I agree wholeheartedly. The fact of the matter is that the farm program has never before cost so much as it has under Mr. Benson. I do not care what the measure is, whether it be total cost of all programs, budget expenditures, or losses on sales of commodities, we find that in the 6 years under Mr. Benson costs have more than doubled or tripled, or quadrupled, or more in every instance.

For example, using the Secretary's own figures, the total cost of all agricultural programs primarily for stabilization of farm prices and income amounted to $288.6 million in 1953. In 1958 the total cost amounted to $2.7 billion.

On January 31, 1953, CCC loans and inventories of basic commodities amounted to $2.5 billion. On January 31, 1958, loans and inventories amounted to $6.9 billion. And the

Secretary's estimate of loans and inventories as of July 1, 1960, will be in excess of $10 billion.

Of course, actual losses on the disposition of agricultural commodities is a much smaller amount. In 1958, the actual losses amounted to about $1.4 billion including Public Law 480 sales. But even this was many times the losses sustained in 1953.

Insofar as the overall picture is concerned, this country is using domestically, maximum quantities of agricultural commodities at prevailing prices, which incidentally represent only about 83 percent of parity. The same is true in the field of exports. But here the Government is subsidizing the difference between the domestic and the world market price. Nevertheless, we are moving maximum quantities, but still the surpluses continue to accumulate.

Now, I discuss the President's message with but one purpose in mind. I want you to examine the facts. Look at both sides of the question and then decide for yourself whether or not the objectives outlined are in the best interests of farmers and of our Nation.

When the Secretary of Agriculture appeared before the committee we expected that he would outline in some detail just exactly what provisions he was recommending for the basic commodities. But, much to our chagrin, he also spoke in generalities, more or less reiterating what the President had said.

I think it significant, however, that he specifically recommended that legislation affecting both tobacco and peanuts be enacted. His recommendations with respect to support levels were 75 to 90 percent of the 3-year average or zero to 90 percent of parity. To find out what the 75 to 90 percent of the 3-year average price meant for flue-cured tobacco I obtained the figures from the Department of Agriculture.

This is the result. The 3-year average price for flue-cured tobacco is 55 cents per pound. Ninety percent of this is 50 cents, rounded, while 75 percent is 41 cents per pound. Therefore, if this legislation were to be enacted, the Secretary could set support prices at from 41 cents to 50 cents per pound. Now, if supports were from zero to 90 percent of parity, the Secretary could set the support prices at any level he desired.

While tobacco growers are taking this kind of price cut, there is no assurance of an acreage increase. In fact, tobacco acreage expansion is not even mentioned by the Secretary.

In the case of peanuts, however, acreage expansion is prominently mentioned, as is the type of price support which is the same as that recommended for tobacco.

Only in the case of cotton, rice, and corn did the Secretary seem willing to permit the existing legislation to have a fair trial. He felt that since the law had not as yet been tried it might be desirable to wait and see what the results would be. It will be recalled that the legislation was enacted in the closing days of the last session of Congress.

Although this area is not particularly interested in wheat production, it must be mentioned, because it is the most acute farm problem which will face the Congress this year.

The Secretary made extensive recommendations for this crop, but boiled down they mean only one thing—lower prices.

From the foregoing discussion I am sure that it should be obvious to you that the administration will not desist in its demand for lower support prices. The Secretary is firmly convinced that only through lower and lower prices will the farm problem be solved. His thesis is doubtless anchored to the proposition that lower prices will cause farmers to shift the production of surplus crops to the growing of others that are not in surplus.

I would be less than fair not to admit that I disagree wholeheartedly with the recommendations of the President and the Secretary of Agriculture.

I honestly do not believe that lower prices will result in less production. Of course, the term lower prices is a relative one and is subject to misinterpretation. I take lower prices to be in the vicinity of 60 to 65 percent of parity, and at this level I cannot believe that production will decrease materially. On the other hand, if the price of one commodity is lowered while others are held at high levels, those farmers with alternate possibilities would certainly switch to the more lucrative crop. But in the overall picture, I am firmly convinced of the unsoundness of the administration's proposals.

One other thing. The Secretary points with pride at the recent corn referendum as ample evidence that the producers want less control and lower prices. The fact of the matter is that of the producers voting, 71 percent voted for the elimination of corn acreage allotments with price support at 90 percent of the 3-year average or 65 percent of parity, whichever is higher. The Department estimates this price to be between $1.12 to $1.15 per bushel.

However, the Secretary does not point out that only 12 percent of corn producers were complying with their allotments for supports at $1.36 per bushel. The remainder, some 88 percent of corn producers, were noncompliers and were receiving supports at only $1.06 per bushel.

Therefore, in effect, the majority of producers voted for an increase in support levels of from 6 to 9 cents per bushel with unlimited acreages. This was good sense, but I don't think it a sound basis for saying that farmers want more freedom to make their own decisions and less Government interference.

During the course of the Secretary's testimony, I elicited from him the promise that the Department would actually draft a bill embodying his recommendations. Only then will we be able to analyze and pinpoint the effects of his proposal. The bill is to include all commodities presently receiving support. In other words, the Secretary will submit an omnibus farm bill, the provisions of which he thinks will result in a solution to the farm problem.

In addition to the administration's farm proposals several other bills are attracting considerable attention. Prominent among these is the Talmadge direct payment plan for basic commodities, which includes tobacco, cotton, and peanuts. As you probably know, this plan envisions a domestic allotment equal to domestic consumption. Producers would receive direct payments for the difference between market value and 100 percent of parity on that portion of the crop which is consumed domestically. In addition, allotments as such would be abandoned and farmers could plant whatever they wished with the total crop moving through regular market channels. There would be neither support prices nor purchase or loan programs.

This is not a new proposal. Similar programs have been suggested in the past and have been turned down. What is new about the plan is the popular reception it is receiving in many quarters.

In my opinion, the popularity of this plan can be traced directly to the administration's negative approach to a real solution to the farm problem coupled with its intensive program of alienating the support of many former friends of agriculture. The campaign waged in city areas against price supports for farm commodities, by stressing the high cost of foods to consumers, the emphasis on costs of the program, and the relative well-being of agriculture generally has paid handsome dividends.

Now, I personally am not completely sure that direct payments offer any real lasting solution to the agriculture problem. Such a program would only treat the patient and under this program the patient will have to be treated continuously. Of course, the possibility exists that after a few years the needed changes and readjustments in agriculture will have taken place with the result that payments can either be stopped completely or reduced.

I am sure that other bills embodying the direct payment principle will be introduced or at least presented to the committee for study. One such bill that comes to mind concerns the domestic allotment plan for wheat, which is very similar to the Talmadge bill.

In addition to these proposals I am sure that some type of self-help plan will be either introduced in Congress or put before the committee for study.

This plan would authorize a commodity group to regulate itself and is similar in action to present marketing agreement operations. The principal objective here would be to control production so as to get a fair price in the market place. Last year this type proposal received some support and it is entirely possible that additional support might be engendered after some of the "bugs" are worked out of the plan.

Another type program which appears to be increasing in popularity is the donation type plan. Of course the President has the "Food for Peace" plan which envisions surplus producing countries banding together to provide surplus commodities to countries with low standards of living. There are also plans for domestic distribution of surplus foods including milk.

Public Law 480 might also be included in this category, although title 1 relates to sales for foreign currencies and title 3 concerns the barter provisions.

Many other proposals affecting all phases of agriculture will no doubt also be referred to the Committee on Agriculture and Forestry for hearings and study.

They will all receive fair and impartial consideration. But, most importantly, as I told the Secretary of Agriculture, the bills that he submits embodying his recommendations for a solution to the farm problem will receive most careful and thorough consideration.

While I cannot speak for all members of the Committee on Agriculture and Forestry, I firmly believe that a real and lasting solution to the farm problem can be found only in a new, bold, and perhaps revolutionary approach.

We are searching for this plan; we study every proposal submitted to the committee, no matter how rabid or conservative it may appear on the surface. So far we have been unsuccessful. But I have not given up hope. I am firmly convinced that continued discussion and search will ultimately result in a workable plan which will provide farmers on the one hand with relatively stable prices and income and consumers on the other with abundant food and fiber at fair and reasonable prices.

I am distressed in not now being able to be more specific in answering the question propounded to me. With your help and that of others who are truly interested in preserving and protecting the most important segment of our economic society, I am hopeful that we can strike a happy solution.

ADVISABILITY OF ELIMINATING THE "GERMANE" AMENDMENTS TO THE TAFT-HARTLEY ACT FROM THE KENNEDY-ERVIN BILL

Mr. ERVIN. Mr. President, for 2 years I have served upon the Senate

Rackets Committee, which has been headed so ably and courageously by a truly great American, Senator JOHN L. MCCLELLAN. This committee has investigated some 20 unions which act as collective bargaining agents for several million men and women employed in industries affecting interstate commerce.

The testimony taken by the committee has shocked the conscience of the Nation.

This is true because the testimony has made it crystal clear that some or all of the following things have occurred upon frequent occasions in some of the unions investigated:

First. Union moneys in enormous amounts have been converted to their own use, or that of their cronies, by union officers whose duty it was to safeguard them.

Second, Union officers committing such raids upon union treasuries have destroyed union records to conceal their financial misdeeds from union members, income tax authorities, law enforcement officers, and investigating committees.

Third. Union members have been deprived of any real voice in the election of union officers or the management of union affairs by dictatorial activities of union officers, undemocratic regulations, wanton abuse of the trustee process, and even, on occasion, sheer terrorism.

Fourth. Persons convicted and sentenced to prison for armed robbery, burglary, extortion, and other infamous crimes have been placed in positions of authority over honest and law-abiding union members shortly after their release from prison and before they had brought "forth fruits meet for repentance."

Fifth. Union charters have been granted to known racketeers and their associates who have used them as devices to prey upon the public and helpless workers compelled to earn their bread in the sweat of their brows.

Sixth. Union officers and agents of employers have entered into conspiracies resulting in "sweetheart contracts" or other arrangements which constituted betrayal of the union members such officers were supposed to represent.

The great majority of union officers do not countenance or tolerate malpractices of these types in the areas in which they have the power to act. Nevertheless, the testimony taken by the Senate Rackets Committee shows that such malpractices are widespread in some segments of the union movement, and that they will undoubtedly continue unless they are outlawed by Congress. After all, John Stuart Mill was right when he said: "Laws and institutions require to be adapted, not to good men, but to bad."

For these reasons, there is a crying need at this hour for congressional action outlawing the malpractices I have enumerated.

It is obvious that if Congress is to do this, it must enact a statute regulating to a limited extent the internal affairs of unions.

Titles 1 to 5, both inclusive, of S. 505, which is popularly known as the Kennedy-Ervin bill, are well designed to outlaw the malpractices under scrutiny. If it should be enacted into law, the bill would make union officers legally accountable for safeguarding union money, impose criminal penalties upon union officers for willful misuse of union moneys or the willful destruction of union records, bar convicted felons from holding union offices until they have brought "forth fruits meet for repentance," prohibit union officers from arbitrarily using the trustee process and from conniving with management to the detriment of union members, and secure to dues-paying union members both the right and the power to select the officers and control the affairs of their unions.

In laying stress upon the crying need for legislation outlawing the malpractices enumerated by me, and in pointing out that the first five titles of S. 505 are well adapted to accomplish this purpose, I do not overlook these things: First, that industry, labor, and the general public are demanding various changes in the Taft-Hartley Act, which was adopted in 1947 to regulate external relations between industry and labor; and, second, that title 6 of S. 505 contains certain amendments to the Taft-Hartley Act not germane to the primary objective of the bill as set forth in its first five titles. Indeed, I have been convinced by my own study of the subject, and also by testimony presented to the Senate Rackets Committee, that it is highly desirable for Congress to change or clarify some of the provisions of the Taft-Hartley Act, including those relating to organizational picketing and secondary boycotts.

While this is true, Congress should not attempt to outlaw malpractices in the internal affairs of unions and to amend the Taft-Hartley Act in one operation or in a single piece of legislation. On the contrary, Congress should do these jobs one at a time. This is so for these reasons:

First. Malpractices in the internal affairs of unions and problems arising out of the external relations of industry and labor are quite dissimilar in nature, and require quite different legislative treatment. To combine the consideration of such diverse matters is not conducive to sound legislation because it tends to confuse issues and distract legislators.

Second. The passage of needed legislation to outlaw malpractices in the internal affairs of unions ought not to be put in jeopardy by saddling such legislation with unrelated controversies between industry and labor respecting nongermane provisions of the Taft-Hartley Act.

Third. The Taft-Hartley Act is an exceedingly important and intricate law which should not be subjected to indiscriminate amendment on the Senate floor until the proposed changes in it have been adequately studied by the appropriate Senate committee.

The PRESIDING OFFICER. The time of the Senator from North Carolina has expired.

Mr. ERVIN. Mr. President, I ask unanimous consent that I be allowed to proceed for 2 minutes additional.

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

Mr. ERVIN. Mr. President, for the reasons I have stated I urge that the nongermane amendments to the Taft-Hartley Act embodied in title 6 of S. 505 be stricken out, and that the bill be thus restricted to its primary objective, that is, the outlawing of the malpractices in the internal affairs of unions so clearly revealed by the investigations of the Senate Rackets Committee.

It is safe to make this prediction: If the nongermane amendments to the Taft-Hartley Act are stricken out, S. 505 will pass the Senate by a virtually unanimous vote, with a minimum of debate and delay, leaving the Senate free to consider at a subsequent time, in a manner consistent with orderly legislative procedure, all proposed changes in the Taft-Hartley Act after those changes have been adequately studied by the appropriate Senate committee.

It is likewise safe to make this prediction: If the nongermane amendments to the Taft-Hartley Act are not stricken out, their presence in S.505 will constitute an invitation to every Senator to offer upon the Senate floor, as amendments to the bill, whatever changes in the Taft-Hartley Act he deems desirable. As a consequence, the Senate will be bogged down for days on end in debate upon all the controversial features of the Taft-Hartley Act. This is likely to result either in the defeat of S. 505 or the mangling of the Taft-Hartley Act. Intricate legislation cannot be properly framed amid heated debate upon a legislative floor.

We cannot justify exposing the provisions of the first five titles of S. 505 and the Taft-Hartley Act to these alternative perils. The perils are wholly unnecessary because they can be entirely avoided in the first instance by the simple expedient of striking out title 6. Such action should be taken by the committee, or by the Senate itself in case the committee fails to act.

After this is done, the Senate should reject all subsequent attempts to write into S. 505 any nongermane changes in the Taft-Hartley Act, and send the restricted bill without delay to the House, whose concurrence in the action of the Senate would make it reasonably certain that union treasuries will not be pillaged with impunity by their custodians, that unrepentant convicted felons and racketeers will not be given dominion over honest and law-abiding union members, that dictatorial union officers will not be allowed to rob union members of their basic rights by abuse of the trustee process, that corrupt union officers will not be permitted to connive with management to betray the union members they represent, and that union members will possess the power as well as the right to exercise an effective voice in the selection of the officers and the control of the affairs of their unions.

Surely the investigations of the Senate Rackets Committee make it manifest that this is a consummation devoutly to be wished.

AGRICULTURAL PRICE SUPPORTS

Mr. WILLIAMS of Delaware. Mr. President, last Monday, February 23, I

placed in the CONGRESSIONAL RECORD a list of companies and individuals receiving from the Federal Government over $100,000 in price support loans on their 1957 crop. I invited attention to these large payments to emphasize that the price support program under the existing law is definitely not in the best interests of the small farmers but rather that it underwrites the corporate type of farming and absentee ownership.

Today I wish to supplement my earlier statement with additional information which will show that these same corporations and individuals who were receiving substantial Government support on crops produced were at the same time also receiving thousands of dollars for not producing crops on other land which they owned or controlled.

For instance, in the 1957 crop year while the Government was loaning $3,447,902.81 to support the crops being produced by 10 companies, another Government agency was, under a different program, paying these same companies $557,495.35 for not producing crops on another 10,243.6 acres which they controlled.

The Westlake Farms, Inc., Statford, Calif., which company was listed as receiving the third highest price support assistance in 1957—$854,450.67 on cotton—in that same year also placed 1,293.9 acres in the soil bank, for which it received a direct Government check for $125,942.50—$125,000 for not farming and loans of $854,000 to guarantee a profitable operation on the rest of its capacity—and all this was justified on the basis that it was helping a little farmer.

At this point I ask unanimous consent to have printed in the RECORD a list of 10 operators who were receiving over a half-million dollars in soil bank payments and, at the same time, nearly $3½ million in Government assistance under the price support program.

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

Name and address	1957 price support loans		1957 soil bank		
	Commodity	Amount	Commodity	Acreage	Amount
Westlake Farms, Inc., Stratford, Calif.	Cotton	$854,450.67	Cotton	1,293.9	$125,942.50
Campbell Farming Corp., Hardin, Mont.	Wheat	330,267.51	Wheat	1,942.4	40,227.10
Tillar & Co., Tillar, Ark.	Cotton	119,366.00	Cotton and rice.	500.0	34,450.00
George B. Franklin & Son, Holly Ridge, La.	do	128,118.87	Cotton	957.7	67,040.33
Dan Seligman, Shaw, Miss.	do	173,631.68	Cotton and rice.	804.8	59,992.80
Woolfolk Farms, Tunica, Miss.	do	155,787.12	Cotton	500.0	40,500.00
Clark & Roberts, Pecos, Tex.	do	237,328.84	do	376.6	57,533.70
Heidrick Bros., Woodland, Calif.	Rice	189,882.20	Wheat and rice.	972.5	54,528.08
Bi-county Farms and Horrigan Farms, Prosser, Wash.	Wheat	91,567.57	Wheat	2,611.3	56,519.64
Delta & Pine Land Co., Scott, Miss.	Cotton	1,167,502.35	Rice	284.4	20,761.20
Total		3,447,902.81		10,243.6	557,495.35

Mr. WILLIAMS of Delaware. Mr. President, the $557,495.35 in soil bank payments received in 1957 by these 10 companies is over one-third as much as was received by all the farmers in the State of New Jersey—$1,375,441. It is almost as much as was received by all the farmers in Wyoming—$689,857—that year. As a further comparison, 1,227 farmers in Delaware received $917,286 and 869 farmers in Massachusetts received $964,847. All of the farmers in the States of Nevada, New Hampshire, and Vermont actually received less than $80,000 during the same year.

Soil bank payments are direct subsidy Government checks paid to a farmer for acreage he agrees to leave idle or for crops he agrees not to produce.

The time is long overdue when Congress should recognize the unfairness of the present agriculture program not only from the standpoint of the American taxpayers and the American consumers but also from the standpoint of the bonafide American family farms.

Certainly the recommendation of the Secretary of Agriculture that he be given greater discretionary authority to lower these support prices to a more realistic level and to confine Government support to the bonafide family type farm is a step in the right direction.

There can be no justification for continuing to spend the taxpayers' money in support of these large corporate type operations, many of which operate under absentee ownership.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. LANGER. As the Senator from Delaware knows, under the new farm bill the large payments are to be eliminated. It is my understanding there will be a limitation of $5,000.

Mr. WILLIAMS of Delaware. I know that is being proposed. I certainly am in favor of limiting these payments, and I have been, for the past several years. In fact, I have offered amendments to that effect at various times, which were defeated.

STANISLAV MENSHIKOV REPORT ON INTERVIEW — INTERPRETATION BY DAVID LAWRENCE

Mr. FULBRIGHT. Mr. President, Mr. David Lawrence, in the Washington Star of February 24, for a second time has criticized the Russian Ambassador, alleging that he has interfered in the internal political affairs of this country. Since I plan to make some remarks about this article, I ask unanimous consent that both articles be printed at this point in the RECORD. The headline over yesterday's article was "FULBRIGHT Denies Soviet Story."

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

THE WORLD CAN NO LONGER BE SURE WHO SPEAKS FOR THE U.S. GOVERNMENT IN FOREIGN AFFAIRS

(By David Lawrence)

WASHINGTON.—Mikhail Menshikov, the Soviet Ambassador to the United States, has violated diplomatic rules by a bold intervention in American politics. Heretofore, throughout American history, such an offense has meant sending the meddling Ambassador home.

In this instance, Senator JAMES WILLIAM FULBRIGHT, chairman of the Senate Foreign Relations Committee, should be among the first to demand that Menshikov be expelled from this country. For the Soviet envoy violated the confidence of the Arkansas Senator by arranging for the publication by his son, Stanislav Menshikov, in a recent issue of New Times of a report of alleged conversations with Mr. FULBRIGHT dealing with American politics.

In the article, the younger Menshikov says he was told, in effect by Senator FULBRIGHT that if the Democrats win in 1960, the Soviets will have a better chance to get their way in world affairs.

No such intimation probably was given by the Arkansas Senator. The very fact that Ambassador Menshikov arranged for the government-controlled New Times—which is printed by the Soviet Government in eight languages besides Russian and is distributed widely throughout the world—to publish any article purporting to give his conversations with a U.S. Senator, is a sign that he either doesn't know the rules of diplomatic relations or chooses to disregard them. The Menshikov article says:

"To what extent is the victory of the Democratic Party at the elections likely to affect the foreign policy of the Republican Government? Will the Democratic opposition be able and willing to compel the State Department to relinquish its policy?

"I had an interview in Washington with Mr. JAMES FULBRIGHT, Democratic Senator from Arkansas. The Senator, a calm, sober-minded man of 53, with a slow, deliberate manner, thin hair, graying at the temples, light blue eyes, and the old professional trick of peering over his glasses as he listens to you, received me in his office in the new Senate Building."

The article then quotes with approval from speeches Mr. FULBRIGHT made during the summer of 1958, which Menshikov cites as criticizing the American Government for its Far Eastern and Middle Eastern policies and as charging that the State Department was displaying a dangerous apathy in allowing itself to be run by a bureaucracy so fearful of change that it clings desperately to the ancient pillars of policy even as they rot away under the pressure of irresistible developments.

The article went on to predict that Mr. FULBRIGHT would become chairman of the Senate Foreign Relations Committee. The Menshikov article then continues:

"My talk with him took place in late November. The Senator had just returned from a trip to Asia and was full of energy and new impressions. He expressed the opinion that war between the Soviet Union and the United States was senseless under all circumstances and that relations between our two countries must be improved at all costs. The whole point was how to do it.

"In the Senator's opinion one splendid way to promote mutual understanding is through personal contacts and cultural ties. He said that the country was heading for a Republican defeat in the 1960 elections and a change in the Government. The State Department would be obliged to some extent to reckon

with the new trends in the country and in Congress. But, he added, the President and the members of his Cabinet cannot be compelled to do anything they did not want to do, and hence, he, FULBRIGHT, did not believe there would be any serious change in U.S. foreign policy in the next 2 years. He did, however, believe that if the Democratic Party were to be sufficiently active in this period it could prepare the ground for such changes by the time the new elections came around."

There is no doubt that the Communists are taking every advantage of the practice which has grown up here in recent years whereby Senators give the impression, perhaps unwittingly, that they speak for the people of the United States on foreign policy. The Constitution makes the President alone the spokesman of the Government in foreign affairs. But, with a divided government in Washington, the world now can't be sure who speaks for America.

FULBRIGHT DENIES SOVIET STORY—ARTICLE ON SENATOR AND U.S. POLITICS BY MENSHIKOV'S SON IS CRITICIZED

Senator J. WILLIAM FULBRIGHT, Democrat, chairman of the Senate Foreign Relations Committee, has denied the report published in the Soviet Government's weekly New Times which gave the impression that the Arkansas Senator had told a Communist writer softer treatment of Soviet Russia by the United States could be expected if the Democrats should win the 1960 presidential election.

The article in the New Times was written by Stanislav Menshikov, son of the Soviet Ambassador here, while visiting in Washington recently. Inasmuch as the Ambassador's son was writing for a Soviet Government publication and was himself a part of the Soviet Embassy entourage during his 4-month stay in the United States, the publication of this article, impinging on American politics, becomes the responsibility also of the head of the Embassy, Mikhail Menshikov.

This correspondent at first was under the impression that it was the Soviet Ambassador who had the interview with Senator FULBRIGHT and mistakenly wrote it that way but corrected his dispatch an hour later upon learning that the author of the article was the son of the Ambassador.

Unquestionably the Ambassador, however, was familiar with the mission of his son in approaching Senator FULBRIGHT for the interview on politics and must have known the nature or contents of the article finally transmitted to Moscow for publication in the government-controlled New Times.

For an even less tenuous connection with American politics, a British envoy was expelled from Washington by the U.S. Government many years ago.

In this instance, Sir Lionel Sackville-West, British Minister to Washington, sent a letter marked "private" to an American who had asked what would be the best way for a naturalized citizen, formerly of Great Britain to vote in the presidential election of 1888. The Minister wrote that it would be to the best interests of Great Britain if the vote were cast for Grover Cleveland. The letter was made public through friends of the recipient. Though any intent to interfere in American politics was disclaimed by the British Minister, he was promptly handed his passport by order of President Cleveland. But the damage was done, and Mr. Cleveland was defeated in that campaign largely because of the opposition of anti-British groups.

Meddling in American politics by any diplomatic representative of a foreign government has always been considered by the U.S. Government as an improper activity.

In an early instance, Citizen Genet, the diplomatic representative of the French Government, criticized the United States in public for issuing a proclamation of neutrality in the war then going on between France and Great Britain. When he threatened to appeal over the head of President Washington to the American people, his recall was requested by the Secretary of State, Thomas Jefferson.

In 1952, the Soviet Government itself requested the recall of Ambassador George Kennan because of some remarks he made to the press while in Bonn, Germany. These comments were critical of the Soviet Government, which, in a formal note, declared that he had committed "a rude violation of the generally recognized norms of international law." To this, Secretary of State Acheson replied that the Kremlin, itself, had disregarded the rules of international intercourse and that what Mr. Kennan had said was true.

Anyway, the recall, of course, took effect, as it is the custom to comply with the requests of other governments when they declare any member of an embassy or legation to be persona non grata or unacceptable any longer to the resident government.

Mikhail Menshikov, the present Soviet Ambassador, has violated the rules in more ways than one. He refused last November, for instance, while at the Department of State to listen to a tape recording which dealt with the crash of an American unarmed airplane in which 17 Americans were killed. To refuse to accept a part of any communication submitted in diplomatic intercourse and, in effect, to challenge its veracity is to offer an insult to the resident government. For ambassadors are regarded as channels of communication and, if these are inoperative, there is little use in continuing to receive the same ambassador as an accredited representative of his government.

Mr. FULBRIGHT. Mr. President, I regret that this interpretation was put upon my comment by Mr. Lawrence, as I do not feel that it is quite an accurate reflection of what I said to him. In order to put this story in the proper perspective, I shall give some background information about how it arose.

Last November, the Ambassador of Russia, Mr. Mikhail Menshikov, introduced me to his son, Stanislav Menshikov, a journalist, who writes for the New Times, and, I presume, for other publications. Mr. Stanislav Menshikov requested an appointment in my office for an interview which was understood to be on the record and to be used by him for publication. His account of the interview, as it appeared in New Times is as follows:

To what extent is the victory of the Democratic Party at the elections likely to affect the foreign policy of the Republican government? Will the Democratic opposition be able and willing to compel the State Department to relinquish its policy?

I had an interview in Washington with Mr. JAMES FULBRIGHT, Democratic Senator from Arkansas. The Senator, a calm, sober-minded man of 53, with a slow, deliberate manner, thin hair, greying at the temples, light blue eyes, and the old professorial trick of peering over his glasses as he listens to you, received me in his office in the new Senate Building.

Mr. FULBRIGHT is one of the leading members of the Foreign Relations Committee, and in common with Senator GREEN, the committee's chairman, was one of those who severely censured the Government in the autumn for its Far East policy. In all probability he will take over the chairmanship of the committee if the 91-year-old Senator GREEN retires.

In the summer of 1958 Mr. FULBRIGHT delivered several speeches in the Senate, charging the State Department with displaying a dangerous apathy in allowing itself to be run by a "bureaucracy so fearful of change that it clings desperately to the ancient pillars of policy even as they rot away under the pressure of irresistible international developments."

The Senator criticized the Dulles-Eisenhower doctrine in the Middle East and demanded a reappraisal of the attitude toward the Baghdad Pact. He said a policy that ignored the existence of 600 million Chinese people was absurd. He pointed out that Soviet policies have evoked "a sympathetic response throughout the world," but that in spite of this the U.S. Government continued to reject every Soviet proposal as propaganda. "We owe it to ourselves," he said, "to consider their ideas carefully and thoroughly."

That was several months before the Democratic victory in the elections. My talk with him took place in late November. The Senator had just returned from a trip to Asia and was full of energy and new impressions. He expressed the opinion that war between the Soviet Union and the United States was senseless under all circumstances and that relations between our two countries must be improved at all costs. The whole point was how to do it.

In the Senator's opinion one splendid way to promote mutual understanding is through personal contacts and cultural ties. He said that the country was heading for a Republican defeat in the 1960 elections and a change in the Government. The State Department would be obliged to some extent to reckon with the new trends in the country and in Congress. But, he added, the President and the members of his Cabinet cannot be compelled to do anything they did not want to do, and hence he, FULBRIGHT, did not believe there would be any serious change in U.S. foreign policy in the next 2 years. He did, however, believe that if the Democratic Party were to be sufficiently active in this period it could prepare the ground for such changes by the time the new elections came around.

I asked the Senator whether he thought there was any possibility of a marked improvement in our relations in the near future, of a return to the good relations of the Roosevelt period.

"I would like to return to that," he replied with a smile. "It is a question of confidence in each other. I do not think that we are really afraid of Communist ideology * * *." America, he added, was not opposed to competition in the field of material production and had nothing to fear from the results of such rivalry.

Mr. President, I think from this statement it is fair to draw the inference that I, as a member of the Democratic Party, foresee that the Democrats will probably elect a President in 1960; and that as a result of such a victory, conditions will be better both here and abroad. Mr. Lawrence interprets this to mean that I think the policy of this Government will be softer toward the Russians. This, I think, is not a proper inference to be drawn from my statement. I think the policies may well be wiser and more realistic, but this does not at all mean that it will amount to appeasement or being "softer" as that word is understood by Mr. Lawrence.

There is one passage in the statement which I think is a misinterpretation of what I said. That passage reads as follows:

He (FULBRIGHT) pointed out that Soviet policies have evoked "a sympathetic response throughout the world," but that in spite

of this the U.S. Government continued to reject every Soviet proposal as propaganda. "We owe it to ourselves," he said, "to consider their ideas carefully and thoroughly."

The point I was seeking to make, from which this thought was extracted by Mr. Menshikov, was that the numerous Soviet proposals which we have responded to negatively without affirmative counterproposals have, I regret to say, elicited sympathetic response in many parts of the world. I did not, nor do I, believe that these proposals were fair or even sincerely designed to reach an agreement in many cases; but nevertheless, considering our lack of imagination and originality in answering them, they have had quite an effect upon world opinion. For example, when the policy advanced by the so-called Rapacki plan was made, our instantaneous reply was "No," without utilizing it as a basis for a counterproposal.

I have made this same criticism of our policies on other occasions. As a matter of fact, I do not think there is anything in the account, as written by Mr. Menshikov, which I have not said on other occasions on the floor of the Senate or in public speeches. It is true, of course, that excerpts from speeches or statements are often subject to misinterpretations. It is, in fact, a very rare occurrence when a reporter conveys in his accounts the precise meaning of the speaker. Sometimes this may be done intentionally, but often it arises from the different point of view of the persons involved.

To sum up, while I think it is possible to say that Mr. Menshikov's account permitted an erroneous inference to be drawn, I do not think there is a serious misrepresentation, and certainly no more serious than normally occurs in matters of this kind. As a matter of fact, the headline, which of course Mr. Lawrence did not write for his column on the 24th, is quite as misleading as is the quote in Mr. Menshikov's account. I did not deny the Soviet story to Mr. Lawrence when he called me on the telephone. All I said was that the inference which he was drawing, that our policy would probably be softer after the Democrats won in 1960, is an unwarranted inference from anything I said. Mr. Lawrence has drawn an inference which I do not draw. That, of course, is a matter of semantics which often plagues understanding between peoples.

In conclusion, aside from the quote which referred to the "sympathetic response throughout the world," I do not feel the interview contains any serious variation from that which was said.

I hope these remarks will clarify the facts as they actually occurred.

WILDLIFE PROPAGATION AIDED BY CONSERVATION PROGRAMS

Mr. MUNDT. Mr. President, I am happy to find that better fishing and better hunting are resulting from conservation programs sponsored by the Government.

One of the problems in which I am very much interested is the matter of promoting fish and wildlife development in the United States, and, especially, in South Dakota. It has been encouraging to me to see how a number of our agricultural programs have been designed to assist in developing feasible fish and wildlife measures and to include such plans in work plans for watershed protection and flood-prevention projects, as well as in the conservation reserve portion of the soil bank program.

The 85th Congress enacted Public Law 85–865, authorizing the Secretary of Agriculture to give technical and financial assistance in installing fish and wildlife measures when such measures are included in small watershed projects developed under authority of Public Law 566, the Watershed Protection and Flood Prevention Act.

The Secretary of Agriculture recently announced that the Government will share up to 50 percent of the installation costs of installing eligible fish and wildlife measures which have certain public benefits.

Under this cost sharing, there is an opportunity for private groups to cooperate with public groups in adding storage or other fish and wildlife facilities for their own use to structures which are built. For instance, a local Izaak Walton League, a wildlife federation group, or a rod and gun club or some other sportsman's organization can cooperate with the farmers who head up the watershed project. I fully expect that sportsmen of South Dakota will take full advantage of this proposal. It will be possible to increase storage capacity in reservoirs to provide additional fishing. It will facilitate streambank stabilization by sloping, grass and tree planting, and other related practices which improve fish and wildlife habitat. Breeding and nesting areas for ducks can be provided, fish ladders installed and a great number of other improvements included in a watershed project to make the general area a haven for fish, animals, and song birds. The local soil conservation office can supply all details to any group, either farmers or sportsmen, who are interested in special projects.

A MILLION ACRES IN SOUTH DAKOTA WATERSHEDS

In South Dakota, we will soon have over a million acres in our watershed projects. The Scott Creek watershed, our first watershed development, was started as a pilot project back in 1954. I was at the dedication ceremony on this project and I went over the entire area with Ross Davies and other soil conservation people from South Dakota. I was impressed, and I am sure that everyone who has ever viewed the project has been impressed, with the many conservation practices and projects which are utilized to control the ravages of flood waters in the Scott Creek area. Tree planting, grass planting, gully control, retention dams, and stock water dams are used to hold water where it falls, instead of letting it rush wildly to the river where floods occur. I am sure that this project will pay for itself many times over.

Since that pilot project was inaugurated, three other watershed projects have been started in South Dakota. These are: Pattee Creek, covering over 25,000 acres in Lincoln, Union, and Minnehaha counties; Richland Creek, with 6,515 acres in Union County; and, Silver Creek, with 20,661 acres.

Five more projects are far enough along so that they can be fairly sure of being started in 1959. They include the Lower Crow Creek, 173,840 acres, in Brown County; Marne Creek, 30,000 acres in Yankton County; North and South Branch Green Creek, 73,620 acres, Union County; Turkey Ridge Creek, 103,000 acres, Hutchinson and Turner Counties; Upper Crow Creek, 240,000 acres, Marshall County. Work on the plans for these watershed projects is from 45 to 90 percent done.

In addition, applications are in from Battle Creek, 182,590 acres, in Custer and Pennington Counties; Brule Creek, 142,000 acres, in Union and Lincoln Counties; and Upper Little Minnesota River, 28,160 acres, in Marshall and Roberts Counties. Planning work on these projects is advancing.

Last week the Senate Committee on Agriculture and Forestry approved another watershed project located in South and North Dakota. This watershed—the Tewaukon watershed—includes 30,587 acres in Marshall County, S. Dak., with the remainder of the acreage in Sargent County, N. Dak.

INCREASED WILDLIFE RESOURCES UNDER SOIL BANK

When Congress passed the Soil Bank Act, providing as it did for conservation reserve acres, it occurred to me that some provisions should be made for including certain practices which would help maintain our fish and wildlife. I offered such an amendment to the bill, and it was adopted.

South Dakota has been one of the top four States of the Nation in taking advantage of the so-called "G" practices—especially the practice of establishing and managing cover specifically beneficial to wildlife. The conservation reserve practices, generally, have proved to be helpful in maintaining cover and breeding areas for wildlife.

WILDLIFE AGENCIES TO HELP

The Department of Agriculture agencies will invite the Fish and Wildlife Service of the Interior and the State game, fish, and parks commission to cooperate fully in assisting local organizations to develop feasible fish and wildlife measures and to include them in work plans for watershed protection and flood prevention projects.

South Dakota's Game, Fish, and Parks Commission budgeted $20,000 to assist in carrying out the "G" practices under the conservation reserve. The commission offered up to 20-percent assistance on projects which provide winter cover for pheasants.

Local organizations, sportsmen, and conservationists will find wildlife agencies of State and Federal Governments ready to give information and aid on any plans for increasing areas which provide for a better habitat for fish and game. The Department of Agriculture agencies will cooperate to get projects started.

CONSERVATION HELPS EVERYONE

While farmers and ranchers are providing for successful wildlife crops in the years ahead, there are many multiple benefits to be derived from conservation practices.

In the few short years since we have undertaken more intensive conservation work in South Dakota, we have seen greatly improved soil and water conditions. This has helped raise the productive capacity of our farmland.

Our good soil is our greatest wealth. It will provide for us and for future Americans. It is good to know that well-rounded conservation programs offer us soil fertility for food, propagation of the beauties of nature, and recreation and sport.

I want to pay tribute to those who work at all levels of government on these important projects. I trust that the areas of interest in these matters will expand under their expert guidance.

THE BEST IS YET TO BE—BROADCAST BY JOYCE ROBERTS

Mr. CAPEHART. Mr. President, apropos the broadcast made by Joyce Roberts, widely noted, printed in the CONGRESSIONAL RECORD of February 2, 1959, I should like to add that Mr. Sam Pryor's article, "The Best Is Yet To Be," was published in 1952. He based his confidence on what he knew would be the constructive achievements of President Dwight D. Eisenhower's administration.

Now, in repeating my hope that Senators will study the text of Mr. Pryor's comments, I would like to suggest that, just as his affirmative approach in 1952 displayed vision, so in 1959 his emphasis upon the positive rather than the negative aspects of America's potential in the march toward new heights in this administration can and should give inspiration to all those who realize that he was right in his approach in 1952.

At the time of the original publication of Mr. Sam Pryor's article, he was able to say that his business took him "into 67 countries of the world." That was in 1952. Today, when this distinguished executive and friend circles the globe as vice president and assistant to the president of Pan American World Airways, he touches 82 countries. This is one reason why he can be happy about his 1952 outlook. Moreover, he can continue to point to the future of the United States in positive terms. His creed has stood the test of history:

Up with labor. Up with management. Up with the farmer. Up with everybody who wants to help build a happier country. Up America. The best is yet to be.

FORTY-FIRST ANNIVERSARY OF LITHUANIAN INDEPENDENCE DAY

Mr. FREAR. Mr. President, on February 16 all Americans of Lithuanian descent commemorated the 41st anniversary of Lithuanian Independence Day.

In the observance of this day we in America cannot help but realize the sobering thought that another year passes, and to the people of Lithuania it is just another day of sadness.

Independence is the most cherished, yet the most difficult political goal for any nation to attain and to hold. Over the years, the Lithuanian people have struggled hard and often to maintain their political freedom and to stand proudly among the nations of the free world.

We in America who so rightly cherish our independence can share this feeling of sorrow of Americans of Lithuanian ancestry that that great nation is still being denied the right to exist as an independent nation under a government of its own choosing.

While it is unfortunate that only Lithuanians residing in the various parts of the free world can celebrate this anniversary, it is understood that the people residing in that nation itself look forward to this day of commemoration for a word of spiritual and moral encouragement from the people of the free world.

May we in America, as we remember and commemorate this occasion, continue to hope and pray that Lithuania will once again take her rightful place among the nations of the free world.

PROGRAM FOR SURVIVAL OF SALMON AND STEELHEAD IN THE COLUMBIA RIVER BASIN

Mr. NEUBERGER. Mr. President, the first white men to span the American Continent—members of the Lewis and Clark expedition—were awed by the sight of spawning fish in streams of the Columbia River. Their wonderment over the silvery hordes of salmon and steelhead coursing the Columbia and its tributaries is reflected in the journals of the Lewis and Clark expedition and in their reports to President Thomas Jefferson.

Today only a fraction of the migratory fish of the Columbia exist, as compared to the thousands of silvers and chinooks viewed in the region a century and a half ago. Whether any survive through another century and a half of American history may well be determined by how we approach problems now confronting existence of this great fishery.

The march of progress in the Pacific Northwest has brought the construction of dams to harness waterpower, check floods and irrigate arid acres. Much has been learned since Bonneville Dam was thrust across the Columbia in the 1930's to indicate encouraging success in passage of fish around dams of relatively low heights—in the neighborhood of 100 feet. However, plans are now advanced to construct dams from 400 to 700 feet high across upland tributaries of the Columbia which are essential as spawning grounds for salmon and steelhead. In the present state of knowledge on fish-passage, these dams would prove disastrous to the major portion of migratory fish of the Columbia. There is no proven method of passing adult fish upstream and fingerlings downstream over dams of the lofty size now on the drawing boards. Many strong supporters of full and comprehensive development of water, for all its beneficial uses, have urged that further plans for high dams in the important spawning reaches of the Columbia Basin be delayed until the fish-passage problem may be solved. I think it is significant that many people in our region who want to build more dams support this view. At the same time, those interested in maintaining and expanding the migratory fish runs are not unalterably opposed to dam construction if fishery problems can be solved. Some expert fish biologists, for instance, believe that the storage of water behind high dams may be an instrumental factor in eventually improving the migratory runs of the river by regulating flow and temperature needed for fish growth and control of fish diseases.

But a vacuum exists, Mr. President, in realistically solving the apparent impasse between fish and high dams. No fishery-research program exists on the scale necessary to meet the problems of the Columbia Basin. It may be possible to delay the building of concrete barriers across the spawning beds of the basin, but demands for development cannot be held off indefinitely. Time is running out for the salmon and steelhead runs of the Pacific Northwest, unless a fishery research program is launched immediately. The new 308 review report of the Corps of Engineers on the Columbia implies only 10 years remain in which to find the answers.

The President's budget reduced the funds available for the lower Columbia fish sanctuary program during fiscal year 1960 by $800,000. This may be described as an "$800,000 saving" by the economy minded. But it is foolish and shortsighted to reduce the investment needed for survival of migratory fish in the Columbia. What is more important: the saving of dollars or the savings of a great resource which thrilled and awed the first explorers of our continent? This rescurce could be lost forever.

A detailed program for bolstering the Columbia fishery is available for immediate action. This program, based on the combined studies and judgment of fishery experts of the region, was compiled 2 years ago by the fishery steering committee of the Columbia Basin Interagency Committee, under the chairmanship of Mr. Herbert Lundy, of Portland, editor of the editorial page of the Oregonian. Mr. Lundy's committee has evolved a 5-year program which fish biologists are convinced will open the way for solving many of the problems which now beset the management of a once great resource. His recommendations are supported by the fishery experts of the States in the basin. It is time that the Congress provide the funds to implement this program.

The recommendations of the CBIAC fishery committee were described in detail recently in a speech delivered by Mr. Albert Day, able director of the Oregon Fish Commission and chairman of the fisheries subcommittee. Our State is fortunate in having men in public and private life like Al Day and Herb Lundy, who are willing to devote their time and energies to attacking this vital problem. Without their thoughtful guidance, hopes would indeed be dim for resolving the conflict of fish and dams.

Mr. President, I intend to seek an additional appropriation of $700,000 for launching the long-range fishery research program for the Columbia Basin. So that my colleagues may know fully of the details of this proposal, I ask consent to include with my remarks a copy of the research program submitted by Mr. Day at a meeting of the Columbia Basin Interagency Committee in Boise, Idaho, on February 11, 1959, and his remarks in connection with the report. I also ask consent to include an informative editorial from the Oregonian of February 14, 1959, describing and emphasizing the necessity for such a program.

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

A RESEARCH PROGRAM FOR FISH AND DAMS IN THE COLUMBIA RIVER BASIN

(Submitted to the Columbia Basin Interagency Committee by its fisheries subcommittee, Boise, Idaho, February 11, 1959: Walter M. Allen, superintendent of fisheries, Montana Department of Fish and Game, Helena, Mont.; John A. Biggs, director, Washington Department of Game, Olympia, Wash.; Ross Leonard, director, Idaho Fish and Game Commission, Boise, Idaho; P. W. Schneider, director, Oregon State Game Commission, Portland, Oreg.; J. T. Barnaby, Chief, Division of Sport Fisheries, U.S. Fish and Wildlife Service, Portland, Oreg.; Samuel J. Hutchinson, regional director, U.S. Fish and Wildlife Service, Seattle, Wash.; Herbert Lundy, Oregonian, Portland, Oreg.; Milo Moore, director, Washington Department of Fisheries, Seattle, Wash.; Albert M. Day, chairman, fisheries subcommittee, Oregon Fish Commission, Portland, Oreg.)

The fisheries subcommittee of the Columbia Basin Interagency Committee, confronted with grave threats to runs of salmon and steelhead valuable to both the commercial and sports fishing industries urges the following program for action by the Congress:

1. An appropriation of $700,000 for the fiscal year beginning July 1, 1959.

2. Continuing appropriation of not less than $1 million each year until solutions have been found.

3. The appropriation of these funds to the U.S. Army Corps of Engineers or the Department of Interior for expenditure by Federal and State fishery agencies in the pattern established for the Columbia River fisheries development program.

Priority items in the program attached herewith include research and development in lake and artificial impoundments, protection and guidance of downstream migrants, predation control, improvement of hatchery diets, reestablishment of upper Columbia salmon and resident trout populations, effects of flow and temperature changes on streams below reservoirs, mechanical methods of passing migrant salmon and trout over high dams, improving hydraulic characteristics of upstream and downstream migrant facilities, establishing improved counting procedures, effects of stratification in reservoirs, comparison of fish survival rates in rivers before and after installation of dams, studies of problems of stream rehabilitation and pond rearing of young migrant salmon and steelhead.

These are some of the projects included in the two-volume report of the Columbia Basin Interagency Committee fisheries steering committee drafted after 2 years of study and coordinated effort by biologists and management specialists of the fish and game agencies of the Northwest States and the U.S. Fish and Wildlife Service. No implementation has yet been given that report.

The fishery agencies have only a few years, at best, to seek solutions to the problems raised by dam programs, pollution, changes in land and water uses, and other factors, if the fishery is to be saved for food and recreation.

The greatest concern lies in the persistent decline of the runs of fall chinook, silverside, and chum salmon, despite the conscientious efforts of State agencies to prevent losses by season limitations, closures, and catch limits. Agencies of the States and Federal Government share the anxiety of citizens. A moratorium on dam building in vital sections of the Middle Snake Basin and tributaries has been proposed by the Army Engineers, the Secretary of the Interior, the Oregon Water Resources Board and many other agencies and citizens' groups.

It is imperative that any time so gained be used in an all-out effort to solve the problems of fish passage, propagation, and rehabilitation of natural spawning areas for anadromous and resident fish.

Failure to solve these problems, or delay in attacking them, would constitute a roadblock to comprehensive development of the Columbia Basin. The fisheries program presented to Columbia Basin Interagency Committee is based on the best technical knowledge of those working with the resource and has the support of all important interests, commercial and recreational, in the region.

Approval of this report is recommended.

Research program recommended to the Columbia Basin Interagency Committee by its fisheries subcommittee Feb. 11, 1959

[Typical projects selected from Columbia Basin Interagency Committee fisheries committee report of 1957]

Description	Objective	Duration	Annual cost	Total cost
FISH PASSAGE AT DAMS				
Mechanical methods of passing upstream migrant salmon and trout over high dams.	To develop economical, efficient means of passage by investigation of elevators, lifts, and locks.	3 years	$100,000	$300,000
Protection and guidance of downstream migrating salmonoids.	Operational knowledge about guiding downstream migrants will be applied at Brownlee, Pelton, and other dams using the skimmer device in conjunction with lights, electricity, and other methods.	do	85,000	255,000
Improve the hydraulic characteristics of upstream and downstream migrant facilities.	To determine means of energy dissipation and flow controls to provide more efficient means of fish passage and to investigate systems not now employed.	4 years	25,000	100,000
Effects of flow, temperature and chemical changes in the stream below a reservoir on fish and fish food organisms.	Determine basic information for use in establishing optimum spilling or discharge schedules of reservoir water for fish production below a dam.	5 years	50,000	250,000
FISH FARMING, POND REARING, RESERVOIR MANAGEMENT				
Lake and artificial impoundment development for salmon and anadromous trout rearing.	Increase the production of existing and new rearing areas by improving the environmental conditions.	5 years	$135,000	$675,000
Effects of temperature stratification on the occurrence of small salmon in reservoirs.	Derive data for use in screening, guiding, and collecting small salmon migrants at dams.	2 years	20,000	40,000
Fish survival rates and species composition in a reservoir area before and after dam installation.	Obtain information for increasing the production of desirable fish in the new reservoir.	5 years	80,000	400,000
PREDATOR CONTROL				
Reducing predation and competition in salmon and steelhead habitats in the Columbia River watershed.	Reduce predator and scrapfish by poisoning or by mechanical or electrical methods in order to increase survival of young salmon and trout.	5 years	$75,000	$375,000
INCREASE HATCHERY EFFICIENCY				
Application of improved diets to hatchery production (nutrition of salmonoid fishes).	Develop hatchery diets from food ingredients available in the Pacific Northwest but presently not utilized.	5 years	$50,000	$250,000
Control fish diseases	Review present efforts and accelerate studies to control serious disease outbreaks at hatcheries and elsewhere.	do	60,000	300,000
REHABILITATE UPPER COLUMBIA				
Study of reestablishment of upper Columbia salmon and trout.	Determine suitable stocks and transplantation techniques for their introduction into presently depleted areas in the upper Columbia River.	5 years	$20,000	$100,000
Total			700,000	3,045,000

REPORT OF FISHERIES COMMITTEE, COLUMBIA BASIN INTERAGENCY COMMITTEE, BOISE, IDAHO, FEBRUARY 11, 1959

(By Albert M. Day, director, Oregon Fish Commission, and chairman, fisheries subcommittee)

Mr. Chairman and members of the Columbia Basin Interagency Committee, I appreciate this opportunity to appear before you today to discuss the critical plight of fishery research and management in the Columbia River Basin and to solicit your advice on how best to remedy the situation.

As you folks are well aware, there are increasing pressures on the fishery agencies to find answers to difficult problems of anadromous and sport fish management while plans steadily proceed for harnessing the great rivers of the Northwest.

We in the fisheries field are not, as some people seem to think, dedicated to opposition to all dams. We know that the future of this great section of the United States must rely on hydroelectric power development if it is to fulfill its destiny in our national economy. We sincerely want to find means of having fish and dams both. We do want to see them placed where they will do the least damage.

The cold hard fact remains, however, that we will never be able to achieve this goal if all we do is sit around and talk about it. Rather we must diligently carry on research and development programs to protect the fishery resources against the hazards of up- and down-stream passage over dams, continued loss of natural spawning beds, and added burdens of management due to changing habitat through the construction of additional projects.

The fisheries subcommittee of the Columbia Basin Interagency Committee is here today to request your support for the following program:

1. An initial Federal appropriation of $700,000 for the fiscal year beginning July 1, 1959.

2. Continuing appropriations of not less than $1,000,000 per year until solutions have been found.

3. Appropriations to be made either to the Corps of Engineers as a part of the overall cost of construction of hydroelectric projects or to the Department of the Interior. In either case, they should be available to the various States as well as the Fish and Wildlife Service. I personally feel that appropriation to the Corps of Engineers and subsequent transfer to Interior is preferable.

4. This program might best be an expansion of the Columbia River fisheries development program authorized by the act of May 11, 1938 (52 Stat. 345) and amended August 8, 1946 (60 Stat. 932) 6 U.S.C. 755–757. The pattern has already been established through annual appropriations under this act since 1949 and we have no desire to see it changed.

5. Division of work to be determined by representatives of the Corps of Engineers, U.S. Fish and Wildlife Service and the fish and game departments of the States of Washington, Oregon, Idaho, and Montana.

No new legislation is needed. Only money. The original action program began 10 years ago. I happen to be personally familiar with it since Milo Moore, then director of the Washington Department of Fisheries; Arnie Suomela, then director of the Oregon Fish Commission; and myself, then Director of the U.S. Fish and Wildlife Service in Washington, D.C., argued the program through the Bureau of the Budget and the Congress.

It was originally presented as an action program to build hatcheries, clear streams, replant runs and erect fishways over obstructions largely in the lower Columbia. Since this area then presented the most critical problem, no funds were spent in the upper river. Sport fish were not included. Now the revised 308 report recommends upriver construction. It has essentially remained an action program. In the light of present knowledge, research on problems of fish passage at dams was not then emphasized as much as it probably should have been.

In the period a total of almost $25 million of Federal moneys has been appropriated for the restoration, construction and operation of fisheries facilities, largely in the lower reaches of the Columbia. The Corps of Engineers has made some $2½ million available for fisheries research on problems connected with the passage of anadromous fishes at hydroelectric installations. An experimental fish ladder has been operating successfully at the Corps of Engineers-Fish and Wildlife Service research laboratory at Bonneville. Basic research is being conducted at the research station operated by the Fish and Wildlife Service at Willard, Washington, built and maintained with these funds.

Various States have contributed from their revenues in attempting to solve some of the problems. Of particular note have been new advances in isolating and treating diseases of fishes, and in developing new diets at hatcheries in the Columbia River system.

Accomplishments to date have proven to be a valuable adjunct to fisheries management. The hatcheries paid off handsomely last fall when the greatest run of chinooks since 1951 crowded into the Columbia River and its tributaries. All of the hatcheries are now full of salmon eggs and had they not been available, much of this large run would have been lost.

Yet in spite of these large expenditures for hatcheries and stream clearance in the lower river, important fall runs have steadily declined during the same 10 years. From Columbia River commercial landings which averaged 13½ million pounds for many years prior to 1948, the take has gradually declined and last fall was the lowest on record—about 2½ million pounds. The low catch by trollers and gillnetters in 1958 combined with unusual ocean conditions which held the salmon offshore approximately 2 weeks longer than normal accounted for the large upriver escapement.

When looking at the overall picture, fall runs of chinook, silver and chum salmon are in bad shape. In fact, the management agencies of the States of Oregon and Washington within the past 2 weeks have declared a complete November closure on salmon in the Columbia River and tributaries, both sport and commercial, for needed escapement. This is the first time in history that such concerted action has been taken.

Many factors undoubtedly enter into the decline of the fall runs. Pollution during periods of low water, critical summer flows, heavy take of potential spawners by sport and commercial fishermen during the long summer and fall months, mortalities at existing hydroelectric projects, and many other conditions which are as yet unknown, probably contribute to this situation.

On the other hand, the runs of spring chinook and steelhead which fight their way hundreds of miles into the upper reaches of the Columbia and the Snake for their spawning acts, have gradually increased during this past decade. Measured by counts over Bonneville plus the commercial take below, the runs have shown that spring chinook have doubled, summer chinook have more than doubled, summer steelhead remained about the same, and blueback are up 50 percent. The commercial pack in 1958 amounted to 4,600,000 pounds.

Spring chinook are difficult to raise successfully in hatcheries. They are probably the most delicately adjusted creatures that any fishery management agency has to deal with. They need natural gravels and suitable low water temperatures when it comes time to spawn. Then, long residence in hatchery holding ponds and upriver pools before they spawn makes them susceptible to disease.

We have learned much in the past 10 years regarding passage of anadromous fish around dams under 100 feet in height. While there is room for further improvement of fish facilities on these lower structures, the overall picture of passage is not discouraging considering the present number of Columbia River dams.

This brings us to the abrupt realization that if we are to preserve the salmon and steelhead resources we must look to means of finding successful ways of passing fish over dams. And on the engineers' drawing boards, dams are growing higher and higher every year.

The most important streams now available to upriver runs of salmon and steelhead are found in the middle reaches of the Snake. The Salmon, Clearwater, Imnaha, and Grande Ronde are probably the keys to the success or failure of the perpetuation of these valuable races of fish. Members of this committee know perhaps better than I of the plans to block all of these streams with piles of concrete and stone, 400, 500, and 600 feet high. This creates probably the greatest challenge to fishery workers that has ever been given to any body of scientists in the history of conservation.

Important voices are crying for delay in the planning of these great hydroelectric structures until the fish-passage problems can be solved. The Corps of Engineers' "308" report recommends the suspension of activities in this important reach of the river until 1970, in the hope that fish-passage problems will be solved. The Oregon Water Resources Board a few months ago recommended that no more high dams be built in this important area until 1965, when they hoped that fish-passage problems would be solved. The Secretary of the Interior has expressed his opposition to dams here until fish problems are solved. The Izaak Walton League, the Western Association of Fish and Game Commissioners, the Sport Fishing Institute, the National Wildlife Federation, and in fact, almost everyone seems to agree that no new dams should be built in this critical area until fish passage problems are solved. The National Hells Canyon Association wishes to spearhead a drive and solicit the aid of other organizations to seek funds for essential research in this field.

In addition to the lower Columbia problems with anadromous fishes, there are growing needs to look at the upriver problems. Dams for additional storage above Grand Coulee will affect important sport fishes. We have never made a good inventory of what is there and what possibilities the future may hold.

Everyone seems to favor finding means by which these growing fishery problems may be solved. Yet, when it comes to digging down into the old pocketbook to find money to buy the brains and experimental equipment to do the job—all we get is talk. Writing letters, sitting around conference tables, attending meetings such as this, making radio and TV appearances, telling about our woes, will not help get a single fingerling through or over a 600-foot dam unless there is forthcoming cold, hard cash to permit our research workers to get on with the job.

We don't need more conferences to decide what to do. The former fisheries committee of the Columbia Basin Interagency Committee under the capable leadership of Herbert Lundy, editor of the editorial page of the Oregonian, put together two excellent summaries of research and management needs. All the fishery agencies in the Columbia River Basin cooperated in compiling these reports. They are our guide on what to do. But what has happened to them? They have gathered dust since they were originally issued in January 1957.

The present committee has struggled valiantly but unsuccessfully to obtain research funds to go ahead with this program. The Secretary of the Interior advised me a short time ago that our problems were under consideration but reminded us that the Interior Department is already spending some $700,000 on research on Columbia River fishery problems in the current fiscal year. That sum is simply not enough. Funds appropriated to the Fish and Wildlife Service are not adequate to also take advantage of the brains and facilities of the various State agencies that stand eagerly by, awaiting an opportunity to do more in a coordinated approach to the problem.

This committee has taken the Lundy report and selected projects that are of urgent importance and which should be initiated immediately. These items are over and above that now being done by the Fish and Wildlife Service, much of whose research surrounds basic longtime studies such as physiology and morphology. The projects which were selected by this committee deal directly with the principal problem ahead—that is, fish passage at dams, compensation for losses, and increased productivity.

We have worked hard for the past year trying to get this program recognized in Washington. We attempted to secure Saltonstall-Kennedy Act funds, which accrue at the rate of $5 million to $6 million a year from the 30-percent import duty on fishery products and are allocated by the Fish and Wildlife Service for fishery research. So far we have been unsuccessful.

We asked for a modification of Budget Bureau and departmental policy on the use of Columbia River development program money, even if it meant temporary suspension of construction of additional hatcheries. The results of our efforts were that the present budget as submitted to the Congress by President Eisenhower reduced the construction ceiling for this program by $800,000 from $2 million to $1,200,000. It reduced the operation and maintenance ceiling by $100,000.

Our efforts to secure a shift in emphasis was answered by the elimination of all construction funds and no increase for badly needed research.

Thus, at present, we stand with no prospect of relief, yet everyone stands by and talks about a moratorium on dams until the fishery agencies solve the critical fish problem. It simply can't be done under such an unrealistic approach.

We have available a high priority work program for which we seek $700,000 during the next Federal fiscal year. Emphasis is placed on such things as lake and artificial impoundments, protection and guidance of downstream migrants, predation control, improvement of hatchery diets, reestablishment of upper Columbia salmon and trout populations, effects of flow and temperature changes on streams below reservoirs, mechanical methods of passing migrant salmon and trout over high dams, improving hydraulic characteristics of upstream and downstream migrant facilities, establishing new counting procedures, effects of temperature stratification in reservoirs, comparison of fish survival rates in rivers before and after the installation of dams, studies on problems of stream rehabilitation, and others of similar importance.

These estimates constitute the $700,000 requested for the fiscal year 1960. Other research and development projects will be selected to bring the total to $1 million per year for at least the following 5 years. By then, we will have some positive answers to these vexing problems.

Speaking for myself, but I believe that this also echoes the sentiments of my colleagues in the fishery research field, no choice faces us other than opposition to the construction of further high dams in important anadromous fish areas until fish passage and management problems have been solved. We would like to solve them, but we must have money from some source if we are to get on with our part of the job.

[From the Oregonian, Feb. 14, 1959]

CALL FOR FISH RESEARCH

The recommendation by the Fisheries Subcommittee that Congress be asked immediately for funds to launch a new Columbia Basin research and development program has been approved unanimously by the Columbia Basin Interagency Committee, representing State Governors and the Federal departments.

At a meeting in Boise this week, the Columbia Basin Interagency Committee gave its sanction to efforts to obtain a $700,000 appropriation for the coming fiscal year, and continuing appropriations of not less than $1 million each year until solutions have been found to the problems which have roadblocked the construction of many dams.

This is a minimal effort, it falls short of the $5 million long-range program for research alone and the approximately $40-million program for upper basin development given Columbia Basin Interagency Committee by an earlier committee. But it includes several priority projects. In view of the Army Engineers' review of the 308 report which would give the fish agencies about 10 years to find out how to make dams and salmon compatible in the Middle Snake and Salmon Rivers, further delay in expanding fishery research, particularly, would be suicidal.

We do not expect a "moratorium" in the Middle Snake to last that long, if one is declared in response to urgings of the Engineers, Secretary of Interior Fred Seaton and the Oregon Water Resources Board. Nor is there likely to be any cessation of dam building in other areas. The fish problem is critical—particularly the need to save the fall chinook salmon and silversides which once were so abundant. All interested State and Federal agencies, sportsmen and commercial fishermen should combine in support of this proposal to Congress.

CANADIANS OPPOSE WATER DIVERSION

Mr. WILEY. Mr. President, as we recall, the State Department, on Tuesday, released an exchange of diplomatic notes between the United States and Canada on H.R. 1, the measure proposing to increase the diversion of water from Lake Michigan at Chicago.

The Canadian Government again expressed—and justifiably, I believe—its opposition to the enactment of this legislation.

Naturally, the decisions of Congress will not, and should not, be dictated by another country. However, the Canadian Government, I believe, has been remarkably restrained and circumspect during consideration of this legislation.

As we recognize, Canada, as well as the United States, has a multi-million-dollar investment in the development of the St. Lawrence Seaway, along with great port and harbor development projects, and shipping interests. The enactment of H.R. 1 would divert dangerously large volumes from Lake Michigan, affecting the water levels of the whole Great Lakes Basin and the St. Lawrence Seaway, thus jeopardizing the interests of both countries.

In view of these facts, the Congress, I believe, ought not ignore the legitimate interests of our good neighbors to the north.

The Canadian interests, of course, are only supplemental to those of the United States. On the evidence of the domestic dangers of the legislation alone, including, among other things, threats to the seaway, port, and harbor development projects, and to trade and commerce on the Great Lakes, the measure should not be enacted.

As we know, hearings on H.R. 1 are expected to be reconvened by the House Public Works Committee on March 3. I would hope that the members of that committee would consider, along with domestic factors involved, the Canadian statement and its implications.

In addition, I would call to the attention of the Senate the restatement of Canada's objections; this serves to emphasize the international significance of this legislation.

In consideration of these factors, I again respectfully urge that the Senate version of this legislation, yet unassigned to committee, be referred to the Foreign Relations Committee, where it rightfully belongs.

I request unanimous consent to have the release by the State Department, accompanied by a statement by myself on it, be printed at this point in the RECORD.

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

[Department of State release, Feb. 24, 1959]

The State Department today released the text of an exchange of aide memoires between the U.S. Government and the Canadian Government on increased diversion of water from Lake Michigan at Chicago.

The text of the U.S. aide memoire, sent to the Canadian Government on February 9, 1959, is as follows:

"The Canadian Government has, on various occasions in the past, furnished the Department of State with the Canadian views on proposed U.S. legislation aimed at increasing the diversion from Lake Michigan into the Illinois Waterway. The most recent comments of this nature were contained in an aide memoire received on January 6, 1958, from the Canadian Embassy in Washington.

"Once again this year, as in recent years, a considerable volume of legislation, looking to increased diversion from Lake Michigan at Chicago, has been introduced in the 86th Congress. Some of this legislation is similar to former legislation with regard to which Canadian views have previously been expressed. A number of other pending bills, however, such as H.R. 1, a copy of which is enclosed, call for a 1-year additional diversion period to be made as part of a 3-year study of the effect on Lake Michigan and on the Illinois Waterway of such an increased diversion.

"Congressional hearings on this legislation are scheduled to begin in the near future. During the course of these hearings, it is anticipated that the Department of State will be asked to submit a statement as to the present Canadian views. It is hoped, therefore, that the Canadian Government will be able to transmit to the Embassy, at an early date, its views with respect to that proposed legislation which authorizes an additional 1,000 cubic feet of water per second to be diverted from Lake Michigan into the Illinois Waterway for a period of 1 year as part of a 3-year study."

On February 20 the Canadian Government responded to the U.S. memorandum with the following aide memoire:

"On a number of occasions in the past the Canadian Government has expressed its objections to proposals envisaging increased diversions of water from Lake Michigan at Chicago. Once again, and at the invitation of the Government of the United States through the U.S. Embassy's aide memoire of February 9, 1959, the Government of Canada is anxious to make known its views on legislative proposals now before Congress, such as bill H.R. 1, which are intended to authorize an increased diversion of water from the Great Lakes Basin into the Illinois Waterway.

"While recognizing that the use of Lake Michigan water is a matter within the jurisdiction of the United States of America, it is the considered opinion of the Canadian Government that any authorization for an additional diversion would be incompatible with the arrangements for the St. Lawrence Seaway and power development, and with the Niagara Treaty of 1950, and would be prejudicial to navigation and power development which these mutual arrangements were designed to improve and facilitate.

"The point has been made repeatedly by Canada that every withdrawal of water from the basin means less depth available for shipping in harbors and in channels. Additional withdrawals would have adverse effects on the hydroelectric generation potential on both sides of the border at Niagara Falls and in the international section of the St. Lawrence River, as well as in the Province of Quebec, and would inflict hardship on communities and industries on both sides of the border.

"The Government of Canada, therefore, protests against the implementation of proposals contained in H.R. 1."

STATEMENT BY SENATOR WILEY

I am delighted that, in the exchange of diplomatic notes released by the State Department, the Canadians have chosen to speak out boldly—and justifiably, I believe—against H.R. 1.

Throughout consideration of diversion of water from Lake Michigan, the Canadians have acted in a remarkably restrained and circumspect manner; particularly in view of the fact that their national interests were deeply involved. For example, Canada, like the United States, has a multi-million-dollar investment in the St. Lawrence Seaway development program and related power and harbor projects.

As pointed out in the Canadian aide memoire, the diversion of water as proposed in H.R. 1 generally would be incompatible with such programs. Too, it would be prejudicial to navigation and power development on the St. Lawrence Seaway and throughout the Great Lakes Basin. "Every withdrawal of water from the basin means less depth available for shipping in harbors and in channels," the aide memoire rightly emphasized.

The release of the exchange of diplomatic notes on the proposed increased diversion of water of Lake Michigan at Chicago merits the full consideration of the Congress. I would hope that—

(1) The Public Works Committee in the House of Representatives would give full recognition to the importance of the Canadian, as well as the U.S., interests in consideration of H.R. 1;

(2) Recognizing the international aspects of the problems involved in this legislation, the Senate would—as I have respectfully suggested—refer the Senate version of this legislation to the Foreign Relations Committee, where it rightfully belongs;

(3) All Members of the Congress would now awaken to the fact that this is, in many ways, a dangerous piece of legislation. To enumerate a few of the dangers, these include: (a) A threat to the St. Lawrence Seaway project and port development programs being carried on around the Great Lakes in which local communities and the United States and Canadian Governments have millions of dollars invested; (b) lowering the lake levels would threaten shipping and thus have adverse economic effects not only on lake traffic but on inland areas, depending upon such traffic for transportation of their commodities; (c) the dangers in unilateral action by the United States—if H.R. 1 were enacted—with respect to our friendly relations with our good neighbor Canada; (d) the setting of a precedent by which waters with Canadian sources might be diverted to jeopardize transportation and power interests in the United States, particularly in the great Northwest; and other dangers.

The publication of the aide memoire is particularly timely and, I believe, furnishes one more bit of evidence as to why the legislation, H.R. 1, for diversion of larger volumes of water from Lake Michigan at Chicago, should not be enacted.

NEEDED: EXPANSION OF SPECIAL MILK AND SCHOOL LUNCH PROGRAM

Mr. WILEY. Mr. President, my colleagues will recall that recently I have urged the continuation and expansion of both the special milk and school lunch programs.

Over the years, these splendid programs for serving milk as well as school lunches have established an outstanding record. The net result has been improved health for our schoolchildren.

Nationally, about 76,478 institutions have served more than 1.9 billion half pints of milk to boys and girls under the special milk program. In addition, over 12 million students have been provided opportunity to be served school lunch in the Nation's schools.

Also, the programs have been a useful outlet for surplus milk, cheese, butter, flour and other farm commodities.

This latter point is of particular importance in view of the fact that as of June 30, 1959, it is predicted that we will have about $9 billion worth of surpluses. In addition, the cost of maintaining the surplus program amounts to almost $1 billion annually. The Nation now faces problems (a) as to how to reduce the flow of farm commodities into surplus stockpiles; and (b) how to best utilize the surpluses that now, and in the future, will continue to be available.

These two programs—the school lunch and the special milk projects—have been among the few bright sports in the surplus picture.

I want to stress that these programs are not exclusively federally supported. To finance the school lunch program, for example, local communities are providing for more matching funds than the Federal Government. In Wisconsin this now amounts to the local school district paying about $5 for every $1 of Federal funds available.

Recently, I received a letter from Mr. Gordon Gunderson, supervisor of the school lunch program in the Wisconsin Department of Public Instruction, first, supporting the merits of the bill, S. 982, which I introduced for expanding the special milk program; and, second, stressing the need for additional funds to carry forward the school lunch program, for which I have urged a minimum appropriation of $155 million.

I request unanimous consent to have the letter of Mr. Gunderson printed at this point in the RECORD.

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

THE STATE OF WISCONSIN,
DEPARTMENT OF PUBLIC INSTRUCTION.

The Honorable ALEXANDER WILEY,
Senate Office Building,
Washington, D.C.

DEAR SENATOR WILEY: Thank you very much for your letter of February 9, sending me a sheet from the CONGRESSIONAL RECORD publishing your remarks on the floor of the Senate covering the introduction of bill S. 982 to establish the special milk program on a permanent basis and to increase the appropriation to $85 million annually. You are certainly to be commended for the action you have taken. The program in Wisconsin has grown extensively again this school year, and we will be in need of a great deal more money before the year is over than was required to finance the program last year. I am, therefore, happy to see your deep interest and particularly the action you have taken concerning the matter.

The school lunch program will also be in need of further assistance if the price of the lunch is to be maintained at a level where the majority of children are able to pay and if the program is to be expanded to meet the ever-increasing school enrollment. This year in Wisconsin we have been reimbursing school districts 5½ cents per lunch served, meaning that the local school districts and children have been contributing from 25 to 30 cents per lunch locally. Thus it is evident that local school districts are actually matching Federal appropriations for this purpose by $5 to every $1 of Federal funds.

It is also evident that in the coming year this rate of reimbursement cannot be maintained, since a greater number of children will be participating in the program and we will be required to spread the funds thinner or to actually turn down requests for participation by a substantial number of school districts. We are hoping, therefore, that the appropriation by Congress can be increased to meet this need and/or that the transfer of funds from section 32 similar to the action which was taken this year will again be taken by the Congress but that the funds will be sharply increased and that the legislation will be made so abundantly clear that there will be no question on the part of the Secretary of Agriculture to expend such funds for the purchase of food for the school lunch program. We have been informed through our association that there has been a great deal of hesitancy, or rather reluctance, on the part of the U.S. Department of Agriculture officials to actually expend the funds made available to them this year, since there was serious doubt in their minds as to whether or not the funds were being expended in accordance with the legislation and intent of the Congress.

Anything you can do in this matter will be sincerely appreciated. I believe that Federal and/or local expenditure of funds to keep our children physically fit is an expenditure in the interest of national security in addition to its contribution to national health and welfare in general. The program's contribution to the agricultural economy is self-evident, and I am sure needs no further comment by me.

Sincerely yours,

GORDON W. GUNDERSON,
Supervisor, School Lunch Program.

CYRUS EATON: MERCHANT OF PEACE

Mr. LANGER. Mr. President, I ask unanimous consent to have printed in the RECORD an article entitled "Cyrus Eaton: Merchant of Peace," written by John Barden and published in the January 31, 1959, issue of the Nation.

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

CYRUS EATON: MERCHANT OF PEACE

(By John Barden)

Cyrus S. Eaton, of the United States and Canada, the dominant figure in enterprises worth at least $2 billion, has set his formidable abilities to bringing peace to the world and composure to the United States. The project has the earmarks of an Eaton operation, though larger and more public than any heretofore undertaken. There is a plan which sets out the objectives and the practical action calculated to reach them. The mere utterance of sentiments, however wise and experienced, is a frivolity to which Eaton is not addicted. His approach to peace in the world and composure for the United States is about as frivolous as the organization of Republic Steel Corp., one of his youthful accomplishments.

An Eaton operation is one in which Eaton generally has his way. Major and minimal objectives of both a public and private character are postulated. The opposition seems always to be overwhelming, a situation which brings assiduity to Eaton's work and joy to eventual victory. The choice of weapons is always Eaton's, and he knows the value of surprise. Wonderful coincidences occur, so favoring the Eaton operation at hand that in retrospect it is plain that Eaton coincided them. Powerful allies, well motivated by their interests, suddenly appear from unexpected quarters; opponents are likely to spend time on frolics and detours especially arranged for them.

Eaton assesses the possibilities of defeat as carefully as the potentialities of victory. New situations are estimated from a constant flow of information from reliable sources and skillfully exploited. Last ditches to fight from are constructed in advance; all retreats are tactical; all losses salvageable. The worse his situation, the more formidable he becomes. Even when suffering staggering losses at the outset of the great depression, he kept the Kuhn-Loeb bank's Bethlehem Steel Corp. from merging with Youngstown Sheet & Tube Co.—a 28-year-old precedent the Federal courts are still enforcing today. The results of an Eaton operation are likely to have remarkable permanence.

Though a reader, writer, and thinker, Eaton's characteristic mode of expression is action—and no public talking. He works 7 days a week, and it would take a better man working 7 days a week to beat him, but this has never happened. Eaton has been down (though not out) just once. It took the 1929 depression to do it. That catastrophe only added strength to impressive talent.

In international politics, talking is a weapon, and so for a quiet man Eaton has been doing a great deal of unaccustomed public talking. He has been described as courtly, courteous, austere, dignified, assured, white-haired, tough-minded, intellectual. It's all true, but does not explain his hold upon even hostile audiences. What makes them sit up and listen is the nonconformity of a man plainly answerable only to God. Convincing moral indignation runs through his talk like the denunciations of the prophets. He keeps it convincing by getting down to cases. Eaton's program for the peace of the world and the composure of the United States is specific and barbed.

Although most of Eaton's stated objectives have an oddly left-wing ring in right-wing ears, and a few ring wrong bells in left-wing ears, the right-and-left distinctions, however usefully applied to the French Chamber of Deputies, have no sensible application to Eaton. He believes productive people are the most important people in any society. His audience, as he sees it, is composed of industrialists, labor leaders, farmers and intellectuals. He knows the constituencies they influence constitute a workable majority. When this majority, doing the world's work, sees that the world is unsafe for its interests—human productivity in every form—they will change it. Eaton is sure they can if only they will, and he has set out to make them see their danger.

These notions are basically conservative, though tinctured with the radically democratic assumptions that any man is entitled to ask people to change things and that the people, if persuaded, are entitled to do so. Just how Eaton proposes to do this is becoming clear.

"The United States of America," he told the third Pugwash conference of scientists in Vienna, "has reached greatness, not through its soldiers or statesmen, but through the genius of its scientists, industrialists, agricultural experts, and labor leaders." He closed the brief speech with this statement of the Eaton strategy:

"The 18 influential conference participants from the United States come from the great universities and institutions that have played a major part in the development of atomic energy. I am particularly anxious that they and their colleagues in the powerful institutions with which they are associated will raise their voices boldly and loudly so that superlative achievements of science, industry, agriculture, and labor in America will not be destroyed by the lack of wisdom of statesmen."

The scientists understand Eaton. He is trying to make scientists help make the world safer for scientists.

He said the same thing, differently, to a blue-chip industrialist group, the Economic Club of Detroit, last November. The industrialists understand Eaton, too. His support in his own constituency will be scattered and quiet, but it will be there, and it will be effective.

Eaton will restate his theses to conventions of labor and farm groups when invited, and he will be invited when the time is right. This has not yet occurred because the emergence of powerful allies from unexpected quarters gets careful advance planning in every Eaton operation.

The decisions Eaton has made as chairman of the Chesapeake & Ohio Railway Co., and the simple hospitality of his Acadia Farms near Cleveland, have won important friends like Guy L. Brown and W. P. Kennedy in the powerful railroad brotherhoods. He also has a friend in the United Mine Workers, a fellow named John L. Lewis, to whom he lent effective help in the 1946 coal strike. As for the AFL–CIO, there is not much in Walter Reuther's public statements to which Eaton would object, and what there is may also be unacceptable to George Meany.

By persistently exerting quiet influence favoring open-minded and expeditious bargaining in the steel industry, Eaton has an important friend in David J. McDonald, president of the United Steelworkers. Those interested in how to make friends with labor leaders on the basis of labor's prime interests ("What have you done for us lately?") could do worse than watch the Eaton approach to the AFL–CIO.

A gentleman farmer, Eaton is the son of a prosperous merchant farmer in Nova Scotia. Yet the country squire aspect of Eaton's Scotch Shorthorn cattle breeding at Acadia Farms and Deep Cove Farm near Chester, Nova Scotia, is not irritating to plain farmers. He knows cattle breeding. He has shown PS Troubadour, the Shorthorn calf which took the 1956 international grand championship over all breeds, throughout 11 States and eastern Canada. The trip covered 100,000 miles. More than 75 million people came to see the memorable Troubadour, among them most of the agricultural experts and farm leaders of both countries. Since Troubadour can't talk, they talked with Eaton who, what with one thing and another, chanced to be there when they were. They were likely to learn, among other things, that he had been invited by the Soviet Government to bring Troubadour and representative cattle from his Shorthorn herds to Moscow for an agricultural exhibition. Editor Earl W. McMunn, after meeting Soviet Ambassador Mikhail Menshikov at Acadia Farms, went back to his influential Ohio Farmer and wrote an editorial in support of mutual understanding with Russia. Whatever the gambit, agricultural experts and farm leaders understand Eaton is trying to make the world safer for farmers.

Eaton's conclusions about the world—the place is unsafe and the needed repairs, though not easy, are obvious—come as a shock to the politicians. He has moved in on their territory, and they are frankly at a loss to know how to deal with him. After his attack on the FBI on the Mike Wallace TV show last May, the House Committee on Un-American Activities moved against him. Eaton was only too eager to use the committee as a national sounding board for his views. Though its chief snooper, Richard Arens, stated May 19 on ABC–TV that a subpena had been issued for Eaton, the subpena was never served. The hard-nosed politicians who might have been expected to lead the secret police bureaucracies and the jingoists against Eaton, didn't feel up to it.

The newspapers, with some notable exceptions, are in a quandary about Eaton. He enjoys influential and accurate reporting from the Washington Post, Louisville Courier-Journal, Milwaukee Journal, Cleveland Press, and the Knight newspapers. The rest cannot ignore him. He is news. He stands at the top of a class the press most admires—businessmen and industrialists. His deviations from the American line have to be explained to the public. This cannot be done by calling him a fool, since it is axiomatic that anybody who makes a fortune in industry has brains or luck, and in Eaton's case it wasn't luck. He's done it twice.

Some papers would like to call him a Communist and let it go at that, but too many people traveling in the same circles as the editors and publishers know enough about Eaton to laugh that charge out of the papers. So the standard journalistic approach is to cover the Eaton rhetoric without the substance, then write him off as a well-intentioned tycoon lost in the fog of higher politics through which we see so clearly.

A recent example was the favorable Cleveland Plain Dealer story (December 14, 1958) on an Eaton talk before the Men's City Club. The sharp questions from the audience, duly answered, and a standing ovation for Eaton, were fairly reported. But in reporting the speech, the Plain Dealer quoted Eaton's reference to John Foster Dulles as an "insane fanatic" without quoting the evidence Eaton brought to its support, of which there was a wide assortment. One was a discussion of the recognition of Red China. Eaton fairly stated the Dulles argument that to recognize Red China would dismay our friends, the non-Communist nations of Asia, then proceeded: "Who are these friends? Well, the biggest one is India. India recognized China long ago. * * * Pakistan, Ceylon, Burma, and Indonesia have recognized China. Japan is the only major nation in the Far East which hasn't, and it has been restrained from doing so only by pressure from the United

States. The whole Dulles argument is misrepresentation almost beyond belief."

The assessment of Eaton's capabilities, motives, and prospects in bringing peace to the world and composure to the United States is not easy. According to Eaton, his capabilities are modest, his motives altruistic, his prospects excellent.

Enough has been said, perhaps, of the Eaton capabilities to establish that the only modest thing about them is his disclaimer. He brings to his present objectives 50 years' experience in international commerce, industry, and finance. It is reasonable to suppose that a man who put together $5 million in U.S. public funds and $5 million in Canadian public funds, with about $5 million in private funds, and emerged in full private control of the fabulous Steep Rock Iron Mines, Ltd., understands the basic principles of treatymaking.

Eaton's German industrialist partners in the development of his Canadian iron-ore properties on Ungava Bay—as shrewd and hardheaded a lot as there are in the world—would be surprised to hear Eaton charged with amateurism in international negotiations.

John Foster Dulles, even with a State Department commission, is just another New York bankers' lawyer to Eaton. He has defeated platoons of lawyers like Dulles on their home grounds, the Federal courts, and commissions. He did it to Newton D. Baker's firm in the Bethlehem-Youngstown merger case and to Robert A. Taft's firm in the Cincinnati Union Terminal case, establishing competitive bidding for the issuance of railroad securities.

He has no high opinion, either, of potential adversaries like generals and admirals. "One who reads their memoirs," he says, "cannot help but wonder at their vanity."

It has been laughingly asserted that Eaton thinks Khrushchev can be trusted. What Eaton thinks is that any man, or group of men, can be bound by their own interests. He believes that the Soviet Union, if relieved of our inimical encirclement, could be bound by its interests in building up its own economy to a consistent policy of friendship and trade with the United States. Coming from one who has had exceptional success in binding men by their interests to his own enterprises, this opinion seems worth serious examination.

Eaton is, of course, just one man opposing the policies of large governments. His case depends in the main on his persuasive abilities. Though these are considerable, he is operating in a field of public relations and politics in which he is supposed to be an amateur. This argument overlooks what Eaton did to the political careers of Newton D. Baker, Wendell Willkie, and Robert A. Taft.

Baker came into the 1932 Democratic convention as the candidate who could win the Presidential nomination in the event of a deadlock between Franklin D. Roosevelt and Al Smith. Eaton came to the convention with a solid victory over Baker in the Youngstown case and a natural reluctance to see him made President. He joined forces with James A. Farley and helped persuade William G. McAdoo's California delegation that Roosevelt was their man. The result was that Baker's opportunity never came up.

Wendell Willkie's political life would have been much happier had he not tangled with Eaton. Their relationship went far back into the 1920's. Eaton had known Willkie, somewhat intolerantly, as a cigar-chompin', whisky-drinkin' public-relations man and lawyer-lobbyist for the Ohio Edison Co., which serves the Acadia Farms.

In 1939 the New York financial community, its eye on the control of the Presidency, found or invented a Galahad in Wendell Willkie, president of the Commonwealth Southern Corp., a public utility holding company. Eaton watched this process gloomily, then caught wind of a deal in which Commonwealth Southern was about to buy 125,000 shares of common stock in its wholly owned Michigan subsidiary, Consumers Power Co., at $28.25 a share, the book value. The idea was to fatten up Consumers' equity so it could simultaneously float a $28 million bond issue. Willkie had arranged the underwriting with the usual gentlemanly syndicate of investment banking houses. There was to be no raucous competitive bidding. The underwriters would make $500,000. The deal was classic New York banking practice and was approved by the SEC and the Michigan Public Utilities Commission.

Eaton, who believed in competitive bidding, offered in writing to pay "substantially in excess of $28.25 a share" for the Consumers' stock, politely noting Willkie's oft-repeated complaint that the public wasn't buying utility stocks. If Willkie accepted, the gentleman bankers might walk out on the deal; if the presumptive Republican Galahad rejected the offer—well, his deal was something less than a quest for the Holy Grail.

Willkie rejected the offer, and both sides took to the newspapers. In the end, not only did Willkie have to drop the deal, but the SEC promulgated rule U-50, establishing competitive bidding for all utility issues under SEC jurisdiction.

Willkie turned to easier things like getting to be President. Eaton never let go. He turned pamphleteer and wrote "The Third Term Tradition" for the October 5, 1940, issue of the New York Post in support of Roosevelt's third term. When all three Cleveland papers came out for Willkie, Eaton wrote Secretary of Interior Harold Ickes an open but widely unpublished letter. Cleveland, he said, badly needed another newspaper. Since Eaton could afford the expense personally, this sentiment gave pause to the Forest City Publishing Co., which owned the Plain Dealer and the News, and to the Press, the prosperous keystone of the Scripps-Howard organization. They decided Willkie was not much of a Republican anyway, a feeling which gradually spread among influential Republicans.

Willkie's political career came to an abrupt close in the Wisconsin primaries of 1944, a State in which Eaton had numerous friends engaged in the business (and politics) of utilities, iron ore and shipping. Willkie ran last in a field of six.

The disappointments of Robert A. Taft, a perennial President aspirant, clinched the rule that no serious Eaton adversaries ever become President. Taft, who had told Eaton his application to enter a competitive bid for the $12 million Cincinnati Union Terminal bond issue was "preposterous," twice came so close to the GOP nomination he could taste it. Each time a small windfall of delegates could have put him over, but he found the Eaton influence carefully marshaled against him, and there were no windfalls.

This record surely jeopardizes Eaton's amateur status in the field of politics. It suggests the Eaton objectives of peace and composure are in the realm of the possible, and this raises the next question: What are the Eaton motives?

The motives in typical Eaton operations are apt to be a deft combination of public and private interests. In 1952, Eaton financing enabled the Cincinnati Enquirer employees to outbid the Taft family, which already owned one of the city's other two papers, in a probate court sale of the Enquirer. Eaton's Portsmouth Steel Corp., which put up the $7,600,000 purchase price, made $250,000 as a fee for Eaton's time in less than 4 months. Eaton's time also covered arrangements for common stock financing of the Enquirer and the sale of Enquirer debentures to the public. The proceeds paid off the $7,600,000 purchase price and the $250,000 fee. This account oversimplifies a series of complex transactions, but is a fair statement of the results.

Eaton, when asked, explained that most businessmen act from some combination of public and private considerations and that the money involved in the Enquirer transaction was of no great importance. Though modesty well becomes Eaton, this is not an analytical statement. What he did was stop a possible newspaper monopoly, hand a newspaper to its employees, defeat an old enemy, and make a quarter of a million dollars. Without these elements, the opportunity might not have interested him. Certainly the $250,000 was just one factor.

"What's money?" asks Eaton. "A man can wear only one suit of clothes at a time."

It would be a mistake, in assessing Eaton's present operations, to become so engrossed looking for private motives as to lose sight of his public ones. As the controlling figure in iron ore, coal, steel, lake shipping and railroad companies, Eaton would surely face a period of readjustment for his enterprises were the cold war and the armaments race suddenly to cease, as he advocates. He also knows, though, that he would lose everything permanently in a hot war and that cold war and armaments are heading straight for a hot war. Beyond this, any fair appraisal must grant him the altruism of worrying about the fate of others in such a world.

Eaton has had a hard, firsthand look at the Soviet Union (200 million people), a distant look at Red China (600 million people), and has been heard to say, "If installment buying is ever introduced—and my hunch is that it will come eventually—the increase in demand for consumer products will create a mass market well worth American attention."

Coming from a man with substantial interests in the steel, electrical utilities, rubber, paint, oil refining and chemical industries, this means business—more business, Eaton believes, than American and Canadian industry will ever make in the cold war and armaments. It means business without the risks of death and total destruction now being taken.

With more confidence in his fellow industrialists than most other observers can summon up, Eaton stated the case to Khrushchev: "I told Mr. Khrushchev that anyone who pictured the American businessman as encouraging war preparation in order to sell more iron ore, coal, and steel misunderstood the United States. I expressed the view that we ought to reach friendship and understanding, and that we should trade with each other."

It can be positively asserted that Eaton did not negotiate, begin to negotiate, or even suggest to Khrushchev or any other Russian official any transaction which might benefit the Eaton enterprises in any specific way. He didn't have to.

If his efforts enjoy even limited success in opening up trade between the United States and the Soviet Union, the big foot in the door everybody will suddenly see will be Eaton's. Powerful and well-motivated allies have a way of appearing from unexpected quarters in every Eaton operation. If this was among the things in the back of his mind in his talks with the Russian leaders, it underlines rather than denies Eaton's belief that trade with Russia would benefit the United States as a whole and that the fate of humanity may well rest on which way this decision goes.

The lesser private motives detectable in any study of the Eaton career can be very easily exaggerated. He has in his time been harried by New York banks, politicians, newspapers, law firms, State Department embargoes on trade and travel, and congressional committees. From them he's taken

an unusual amount of punishment—he's been investigated, subjected to surveillance, sold out, libeled, threatened with contempt proceedings, boxed and sandbagged with legal documents and court orders. He has scores to pay off, and he's just the man to do it, provided the retributions can be arranged pursuant to bigger operations aimed at larger considerations. Many an Eaton sortie has sideswiped an eye or a tooth from somebody who once took an eye or a tooth from him, but no Eaton operation has ever been wholly devoted to this Old Testament pastime—with the possible exception of the last days of his association with Henry Kaiser. That one Eaton fought with his back to the wall, a fight ending in courtroom victories for Eaton and the closing of Kaiser's career as manufacturer of Kaiser-Frazer automobiles. The Kaiser lawyers, it is worth noting, were the New York firm of Willkie, Owen, Otis & Bailey, assisted by the usual correspondents, in this case the Baker firm in Cleveland and the Taft firm in Cincinnati. Eaton's instrument in the battle, Otis & Co., is still doing business as a private bank.

A well-read student of the Christian tradition, Eaton loves his individual, corporate, police, and political enemies, though not with a love that surpasseth understanding. He is always willing to devote time to the improvement of their characters through adversity, but only incidentally and only when they get in the way. At the moment Dulles and his State Department are in the way. The David-and-Goliath aspect of this encounter pleases rather than dismays Eaton, but he isn't much interested in Goliath. He's after the Philistines.

There is something of the stiffnecked prophet in the Eaton character. In September 1958, he uttered two prophecies to Khrushchev. "I ventured to suggest that, in due course, the American industrialist, the American labor leader, and the American farmer would demonstrate that they agree with me on friendship, understanding, and trade with the Soviet Union. Meanwhile I suggested patience and forbearance on the Russian part. I also invited Mr. Khrushchev to watch the election returns carefully in November to see if the American voters did not express strong sentiment in favor of fresher and wiser foreign policies." Eaton was surer of the first prophecy, which Mikoyan's visit tends to confirm, than he was of the second, which has been wholly confirmed.

Any estimate of Eaton's prospects for peace in the world and composure in the United States must begin with some definition of what would constitute his failure. World war III would constitute the failure, but who's going to judge it? Short of this, his prospects seem excellent for some measure of success. Muddling through more decades of brinkmanship with the successors of Dulles is not a reasonable alternative. No two great powers about equally balanced in military capability and mutual official hatred can maintain so hostile a balance for long. No great powers ever have.

Eaton is taking his case to the productive people of the world. They will judge him and it.

FOR WORLD PEACE AND THE COMPOSURE OF THE UNITED STATES

(Here are Cyrus S. Eaton's proposals for an American foreign and domestic policy as outlined to John Barden for the Nation.—EDITOR.)

FOREIGN POLICY

1. Dismiss Secretary of State John Foster Dulles: "Mr. Dulles goes gaily on gambling with the destiny of the world without restraint from any quarter. He evidently is impervious to the 1958 election returns, which his inflammatory activities helped render catastrophic for the Republican Party. He blithely courts the ultimate world catastrophe of the bomb without consulting even the Senate Foreign Relations Committee and the House Foreign Affairs Committee."

2. Have President Eisenhower visit the Soviet Union and Premier Khrushchev visit the United States: "Mr. Khrushchev told me he would like to see for himself the great cities, industrial companies, railroads and agriculture of the United States and Canada. With America spending $50 billion annually for defense and the fate of humanity at stake, surely the head of our Government, with his fine personality and his infinite capacity for friendship, can afford to make an attempt to deal directly with his Russian counterpart on the Russians' own ground."

3. Recognize Communist China and admit her to the United Nations: "We have elected to invite the enmity of the 600 million Chinese on the mainland and have substituted for our old friendship with that proud and powerful nation a futile alliance with Chiang Kai-shek, an exiled 'has been' whom we have installed and maintained on a neighboring island at fantastic expense to the American taxpayer."

4. Strike a treaty of peace and friendship with the Soviet Union: "Certainly the risk in such a treaty is fraught with far less hazard to humanity that the cold or a hot war."

5. Halt the nuclear arms race: "Present stockpiles are enough to put to death every human being on earth. Any day, by accident or design, some fool, some fanatic, even some fumbler may touch off the explosion that will cause the holocaust."

6. Quit meddling in the affairs of other nations: "The newspapers of such countries as Denmark, France, Germany, Austria, and England are unanimously critical of our policies. Our high Government officials can no longer visit the republics of South America without inciting riots. In Canada, our near neighbor and best customer, the latest federal election was won by the party that proclaimed its lack of warmth, if not its downright hostility, to the United States."

7. Bring the influence of the world's scientists and scholars to bear on their governments in the interests of peace: Since 1955, Eaton has been host or sponsor of 12 "pugwash" conferences of intellectuals working in a variety of fields at great institutions throughout the world. The last, composed of 80 nuclear scientists from 22 nations—the largest delegations coming from the United States and the Soviet Union—met in Vienna last September. "These conferences cannot be held in the United States," Eaton declares. "The Chinese would not be permitted to enter and the Russians could enter only by subjecting themselves to humiliations no self-respecting scientist or scholar would submit to."

DOMESTIC POLICY

1. Abolish the secretive practices of American police organizations and confine them to legitimate police work: "Blackmail" is Eaton's word for the purpose of the FBI dossiers on every prominent American in or out of Government, not to mention those of city, county, state and other Federal police including congressional committees. "There are no secrets in the industrial or scientific worlds. Investigating and fingerprinting, surveillance and wire tapping, espionage and counterespionage—these keep alive the spirit of suspicion which is one of the evils that plague us. I am just as sure as I am alive that one of these days there will be an enormous reaction against secret police in the United States."

Eaton cited with praise Fred J. Cook's article "The FBI" (Nation, special issue, October 18, 1958), exposing the myth of that organization's infallibility.

2. Forget anti-communism as a security measure: "All this is folly," says Eaton. "We are the only major Nation that doesn't have a single Socialist in its national legislature, the only Nation without a large parliamentary representation of people who believe in Government ownership of everything. I disagree with the police and politicians whose careers are based on the lunatic belief that the American people are so stupid as to embrace communism unknowingly. Our proper posture is not anticommunism, but enlightened capitalism."

3. Establish a warmer understanding between capital and labor: "In every important industry in the United States there should be a meeting at least once a month between top management and labor leaders to discuss their mutual problems in a friendly spirit. Wisdom and restraint are required on both sides. The business leaders responsible for putting right-to-work legislation on the ticket last year hopefully learned some lessons from the defeat not only of this phony measure, but also of the candidates who went down with it."

4. Strengthen our banking system: "In the financial panics of 1907, 1914, 1921, and the depression which began in 1929, the banks fell over one another to see which could sell out their customers fastest in an effort to keep liquid. I am not saying there would have been no 1929 readjustment if our banking system had been stronger, but I firmly believe we could have avoided the depths to which the combination of weak banks and our own emotionalism carried us. We need larger, more powerful banks, established regionally and competitively."

5. Find new leadership toward an enlightened capitalism: "With all due credit to the politician, who must be elected, and to the editor, who cannot get too far ahead of his constituency, I think we must look beyond these old sources of leadership. I nominate the industrialist, the labor leader, and the farmer as representing the indispensable elements of dynamic capitalism. Let the teacher, the preacher, and the scholar add their best thinking, and I know we can look forward to a new era of enlightened capitalism that will excite the admiration of the entire world."

STABILIZATION OF THE DOMESTIC OIL AND COAL INDUSTRIES THROUGH IMPORT QUOTAS

Mr. MOSS. Mr. President, in his introductory remarks on S. 1157, the distinguished Senator from Wyoming [Mr. O'MAHONEY] eloquently presented the reasons, based on the national defense for legislation that looks to the stabilizing of the domestic oil and coal industries through import quotas.

The Senator from Wyoming has shown how oil imports have increased even in the face of the President's restrictive orders. To his figures may I add one more: Imports of residual fuel are now equal to 41 million tons of coal annually. And I call to the attention of the Senate the language in the bill which would limit imports of residual fuel to 10 percent of the total domestic petroleum demand.

In joining the Senator from Wyoming in sponsorship of this bill, may I very briefly point out the importance of the subject to my State of Utah.

As far as development is concerned, oil and coal in Utah are at opposite ends

of the scale: Coal is an old and important industry that is declining—oil is a very new industry that is just entering the phase of large scale production. Utah is underlaid with billions of tons of good bituminous coal, sufficient to satisfy America's industrial needs for a century and more.

However, mechanization plus competition with other fuels have brought unemployment and economic distress to coal-producing areas throughout the country. Unless a way can be found to provide the coal industry a fair share of the Nation's industrial business, we must face the closing of many more mines and of the transportation systems dependent upon them. A mine once closed is difficult—often impossible—to reopen. I do not need to detail what this would mean in a national emergency.

Mr. President, as part of my remarks in the RECORD, I refer to a speech made at the opening session of the Utah State Legislature by Representative Frank C. Memmott, of Carbon County, one of Utah's great coal-producing areas.

Representative Memmott, a young man serving his first term in the legislature, has made a penetrating analysis of the problems facing not only his county, but the coal-mining industry of the Nation as well. I ask unanimous consent that the newspaper account of Mr. Memmott's speech be inserted at this point in my remarks.

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

CARBON LEGISLATOR POINTS UP COAL PROBLEMS IN INTRODUCTORY ADDRESS

When the 33d Utah Legislature convened Monday, each representative was given a 3-minute period of time in which to make known the needs of his particular locality. Frank C. Memmott, representative from Carbon County's First District, very emphatically and concisely brought to the attention of the legislature the principal problem confronting Carbon County.

Following is the address delivered by Mr. Memmott:

"Mr. Speaker and fellow legislators, I represent District 1 of Carbon County which is cosmopolitan in population and culture. Better than 50 percent of the population is bilingual. Although we have several problems, I am only going to elaborate and draw to your attention the major one as the others will be irrelevant if this one is not solved.

"Unemployment in the coal industry, due to automation and a diminishing market, is our major problem. Mechanization we are willing to accept because this is progress which enables the coal industry to have the highest industrial wage in America and at the same time be competitive with other fuels where transportation costs do not restrict our competing.

"Last week I checked with our local school board and found that the only item which was less in cost than the preceding year was the purchase of coal. In fact, the price of a ton of coal at the mine tipple is approximately the same as it was 10 years ago.

"Worldwide we are competitive. In fact, the American coal industry can place a ton of coal in Europe cheaper than they can produce it. I have recently returned from an area in West Virginia where approximately 30 percent of the production is being exported to that market. I doubt if the same can be said with regard to cost about any other American commodity.

"During 1957 total wage and salary disbursements for the coal industry in the State of Utah was $19 million, or 21 percent of all mining. Crude petroleum and natural gas was $11 million.

"The $19 million paid the miners of Carbon County is a very important factor in the economy of Utah and is diminishing due to the type of competition the coal industry is allowed to receive from oil and gas. Taxwise the coal industry receives 10 percent depletion, oil and gas 27½ percent.

"We are aware that although coal may be a better type of heat, the convenience factor gives our competition the favored role in home heating. Therefore, our only chance for survival is to receive our share of the industrial business, and this does not mean to call on the coal industry only in times of emergency. If this is allowed to happen, the coal industry will not be in business to meet these demands. A coal mine takes years to develop and cannot be turned on and off as an oil or gas well may be. The mine must be maintained and be a living operation or the mine itself may be lost. The men who produce coal today are technicians of the highest degree trained in operating machines, which involves an initial investment as high as $130 thousand for one machine. These miners are trained in the fields of electricity, hydraulics, and mechanics. To be trained in production and methods is a transition of many years and is only acquired by the practice and experience of the coal mine itself.

"My question is, Can Utah afford to allow this industry, which has contributed to the development of Utah in the past and will be needed in the future, to fall out of our economic structure during this transition period? Since I am limited to 3 minutes, I have only given you an outline of the problem. But during the 33d legislature I expect to acquaint you as legislators and the people of Utah with our problem.

"If it is possible during our busy schedule to visit a coal mine, I will personally arrange a visit to the area, and those who are willing, an underground tour, which will serve to give you a better perspective of this complex situation."

Mr. MOSS. Mr. President, I am hopeful that this import quota approach will prove to be the needed stabilizing influence for both the oil and coal industries. As the able and distinguished Senator from Wyoming has pointed out, protection of an adequate domestic supply of energy is absolutely essential to national security, and the subject must receive the most careful study. It is my hope that, as a member of the Committee on Interior and Insular Affairs, I shall be able to make a contribution in this vital field.

Mr. DIRKSEN. Mr. President, I think I should say to the distinguished Senator from Utah, that the administration has not been undiligent on the whole question of oil imports. The voluntary quota system expires on the 28th of this month. The Administrator of the Office of Defense Management has been holding hearings. He will end the hearings, reach a conclusion, and then make his recommendations to the Cabinet Committee. The Cabinet Committee, in turn, will make further recommendations. I apprehend, therefore, that within the next week we will know a good deal more about this matter. I think it is very much in the mill.

Mr. MOSS. I thank the Senator from Illinois.

THE FLIGHT FROM GOVERNMENT BONDS

Mr. BUSH. Mr. President, I call attention of the Senate to an article entitled "How To Spur Economic Growth—Investors Reported Leery of Inflation as Treasury Finds Bonds Hard To Sell," written by David Lawrence, and published in the Washington Evening Star of recent date. This is a very serious discussion of a highly important subject. It shows that investors are becoming increasingly worried about what the Democratic Party, with its overwhelming control of Congress, might do to the fiscal condition of the United States.

The article points out, further, that unemployment has not been materially reduced, largely because of the failure of heavy industry to make a recovery. This, in turn, is partly due to uncertainty about interest rates on borrowings; to the threatening rise in labor costs; and so forth. Because of its importance, I ask unanimous consent that Mr. Lawrence's article be printed at this point in the RECORD.

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

HOW TO SPUR ECONOMIC GROWTH—INVESTORS REPORTED LEERY OF INFLATION AS TREASURY FINDS BONDS HARD TO SELL

(By David Lawrence)

Lots of Members of Congress are making speeches these days to the wrong audience.

Many of the Democrats, and even some Republicans, are deriding a balanced budget and talking about growth through bigger and bigger spending by Government. But this time the politicians are barking up the wrong tree—they may be convincing those of their constituents who think they are going to be the beneficiaries of the bigger spending, but it is the investors who remain unconvinced and are scared. For the Treasury is up against a crisis in refunding its maturing bonds. Investors are seeking refuge in the stock market, which is recording new high marks.

Ever since the election last November, investors have been growing increasingly worried about what the Democratic Party, with its overwhelming control of Congress, might do to the fiscal condition of the United States. Also, many industrial leaders have held up their expansion plans. Unemployment has not been materially reduced, largely because of the failure of the heavy-goods industries to come back. This is in part due to the uncertainty about interest rates on borrowings and to the threatening rise in labor costs. For, while there is a good deal of pious talk about proposed legislation to check abuses in the labor field, not much of anything is really going to be done by a labor-controlled Congress to remove the monopoly power from the national unions.

The outlook for the heavy-goods industries is clouded when it should be booming. Psychological factors are holding up the fulfillment of many plans for plant expansion that were completed months ago. This is the growth that should be encouraged instead of discouraged.

Congress has failed to come to grips with the crisis. Many of its so-called liberals think the answer lies in bigger and bigger deficits and that it doesn't matter whether the budget is balanced. But the speeches along that line from Capitol Hill are scaring the investors away from bonds and fixed-interest securities.

While some of the speeches in Congress make headlines that can mislead millions of voters—so many of whom are partisanly inclined anyhow—the investors of the country cannot be influenced by anything except sound economics and solid facts. Here, for example, is an extract from the February 14 newsletter of the Whaley-Eaton Service, a nonpolitical weekly published in Washington for many years and read regularly by the very men who handle funds in the financial and business institutions of the country:

"The flight from Government bonds is more ominous than most Washington officials care to admit publicly. Several recent Treasury financing operations have failed badly. As a result, the Treasury is being forced to run faster and faster merely to keep up with its maturities. The fact is that the richest nation in the world is now operating on a hand-to-mouth basis.

"The effect of all this seems utterly lost on advocates of dynamic new spending programs to speed business expansion, eliminate unemployment. The Treasury cannot spend more money than its gets through taxes and Government security issues. Yet professional and naive investors both now distrust the latter. This means recourse to financing through the banks, which increases money supply and is directly inflationary. * * *

"As Federal Reserve Chairman Martin puts it: 'Investors cannot be induced to purchase fixed-income securties if they fear a steady erosion in the purchasing power of the dollar.' Yet this is precisely what they do fear.

"Restoration of faith in the dollar requires facing up to the Treasury's dilemma. But that is something Congress seems unprepared to do."

Another penetrating comment comes from Aubrey Lanston, head of one of the best-known firms in New York that deal in Government securities. In a recent speech before the Kansas City Society of Financial Analysts, Mr. Lanston said:

"I think it can be demonstrated that a close interaction has slowly but persistently developed between what goes on in the Government security market and what goes on in Congress regarding proposed and actual Federal spending and in the budget.

"Altogether, it seems to me clear that the Treasury has quite a job on its hands. It is going to be difficult indeed for it to do much financing outside of the banks. Such a prospect carries with it the usual inflationary connotations. Therefore, if Congress elects to spend money over and above the $77 billion proposed by the President—for whatever purposes—the future inflationary potential will be enlarged.

"I hope that we will find that Congress is fully aware of what is needed. I hope that we will find that there are enough people in this country who care enough about what happens to it to scream the house down from here on, so that Congress will not be tempted to be lax in its No. 1 duty. This is to repair the condition of the Government's finances and to make clear that the credit of the Treasury will be maintained—by promoting a stable currency."

These quotations are typical of what financial men everywhere are saying. They have been frightened by Congress and by the speeches which seem to argue that two and two can make five any time the Government says so.

CHANNEL DEEPENING PROJECTS RELATING TO ST. LAWRENCE SEAWAY

Mr. YOUNG of Ohio. Mr. President, another example of the fact that the budget proposed by President Eisenhower is not sacrosanct is that he utterly failed to include funds necessary for channel deepening projects necessary to accommodate 27-foot draft vessels following the opening of the great St. Lawrence Seaway.

I support and intend to work actively to have money appropriated to carry out the recommendations of the Corps of Engineers for Great Lakes harbor-deepening projects.

As a Senator representing, in part, all of the citizens of Ohio, I consider it of the utmost importance that Congress follow the recommendations of the Corps of Engineers. This corps, through its board, following a thorough study and survey, recommended including channel-deepening projects for Ashtabula Harbor, Cleveland Harbor, and Lorain Harbor in our State, and, in addition, Marquette Harbor, Presque Isle Harbor, and Buffalo Harbor in neighboring States. The estimated cost of these projects, which are of course essential, is $27 million.

In addition, I find that there is now in process of being transmitted to the Bureau of the Budget a channel-deepening project for (a) Duluth, Minn., and its neighbor city of Superior, Wis., and (b) Ashland Harbor, Wis., at an estimated cost of $4 million.

Furthermore, for the State of Ohio, the Corps of Engineers has approved channel-deepening projects for Sandusky and Toledo Harbors. I actively support both these projects, and will work and vote to have this legislation passed in the Congress.

In the end, our taxpayers will be amply reimbursed for these additional expenditures. The St. Lawrence Seaway, when it is in complete operation, will result in all of northern Ohio becoming a great community workshop. After these channels have been deepened, four of five of all ocean-going freighters may tie up at these ports, which presently accommodate 14-foot draft vessels, which are the only ones heretofore able to go through the Welland Canal.

We want the commerce of the world to come to our ports, and the farm produce and steel and other manufactured products of the Middle West to be shipped more quickly and more economically to European and north African ports.

The lower freight costs and quicker transportation methods will result in better prices for the products of our farms and for manufactured products, machinery, oil, coal, and lumber which will be shipped from our lake ports. International trade is not a one-way street. President Eisenhower was ill-advised when he failed to include these essential expenditures in his budget.

I may add that the favorable recommendation of each of these projects by the Nation's Corps of Engineers was based upon detailed findings in each instance with respect to the anticipated long-term benefits of each project.

In every case, the increased revenue and related economic betterment in Ohio and throughout all of the States having cities on the Great Lakes, and even neighbor States, such as Kentucky, will more than offset the amortized cost of deepening these channels.

Mr. President, not only is it my intention to press my views to the chairman and members of the Committees on Appropriations of the Senate and House of Representatives, but I intend to speak on this subject on the floor of the Senate. It is a matter of importance to every workingman and workingwoman in Ohio, whether they live on our farms or in our cities. It is a matter of importance to the Nation.

We must not place a balanced budget over national security, nor over national prosperity and national necessity.

USE OF RUSSIAN IMPORTED EQUIPMENT IN AMERICAN SCHOOLS AND COLLEGES

Mr. DIRKSEN. Mr. President, with reference to the remarks I made on Monday of this week concerning the importation of certain school laboratory equipment of high quality from the Soviet Union, which can be sold for one-fourth or one-third the price of American products, I ask unanimous consent to have printed at this point in the RECORD an article entitled "Russia's Newest Trade Weapon," published in Business Week of January 24, 1959. I think the article will be of great interest.

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

RUSSIA'S NEWEST TRADE WEAPON—SAMPLES OF SCHOOL LAB EQUIPMENT ARE EXCITING U.S. MAKERS AND CUSTOMERS—QUALITY IS SO GOOD AND PRICES SO LOW

Following a pattern laid down in aluminum and benzene, the Soviet Government's next invasion of the U.S. market will come in the school laboratory equipment market. That seemed clear this week as the first sample lot of 26 items arrived in the United States. The Soviet offer, delivery of the items, f.o.b. New York, at an average price only one-fifth of prevailing prices for comparable United States made items.

In the opinion of educators who viewed the sample Soviet items, there is no question of the quality of merchandise up for sale. "They are," as one expert put it "fantastically good."

"It would be impossible," according to one MIT scientist who carefully inspected the numerous spectrometers, microscopes, navigation instruction equipment, rotators, and the like, "to hope to buy anything of similar quality made domestically for six times the price. They're offering a top-grade spectrometer for $53, f.o.b. New York, including tariff," he points out. 'That's about one-third the price of the cheapest spectrometer on the U.S. market today. And the Russian equipment is good enough for a number of industrial uses, too."

GROWING MARKET

The first shipment to be sold in the United States by the Ealing Corp. of Cambridge, Mass., will be valued at $45,000. This will bring in 300 to 500 of each of 12 different pieces of equipment.

The total U.S. market for school lab equipment is currently about $6 million a year. But with the new Federal bill for education, some experts think the total sales potential in the United States could run many times higher in the years just ahead.

AMERICAN WORRIES

Reaction of U.S. school lab equipment makers to the latest Russian move is a mixture of anger and frank incredulity. In an industry dominated by two manufacturers—Central Scientific Co. and W. M. Welch Scientific Co., both of Chicago—most companies

admit they can't hope to fight back against price cuts of this magnitude.

Disturbed as they are over what would seem to be a stunning blow to their business outlook, however, they're banking on the belief that this is just another step in a larger Soviet plan to unbalance first one and then another section of the U.S. business community.

"Maybe," a manufacturer of microscopes suggests hopefully, "they'll shift their interest to somebody else soon."

In the past, this has been the pattern—a large supply of Soviet merchandise would suddenly appear on the market, then as suddenly dry up.

Official Washington is even more unconcerned about the latest Soviet economic maneuver. The average duty on scientific educational materials imported into the United States from Iron Curtain countries is about 42 percent, they point out. This is about as high a tariff bracket as you can find on any legal Russian-made item brought into the States. And it should be enough to protect the U.S. manufacturer, officials say.

MASS PRODUCTION

Why this may not be the case—and why the Russians apparently feel they are now in a position to export quality-grade equipment of this type—is a question that interests industry representatives who have seen the sample items.

One logical answer is supplied by Paul D. Grindle, president of the Ealing Corp. Print order numbers on the instruction books accompanying some of the instruments, he says, indicate that, compared with ours, the Soviet school lab instrument industry is huge.

Science education was one of the announced goals of U.S.S.R. leaders, and one of the first things the postwar Russian economy was tooled up to supply. As a result, the Soviet-produced equipment is the only equipment of its kind being mass-manufactured anywhere in the world today.

MORE TO COME

The economics of mass-manufacturing any standard item are well known. Having amortized engineering and development costs, the Soviet production machine has undoubtedly reached a point at which it costs hardly more than the price of materials to extend production of scientific lab equipment a few hundred thousand items more.

This puts the U.S.S.R. in a position to sell its runoff in world markets on a cutrate basis. On the basis of reports coming out of Russia, the same overrun may occur sometime soon in other things from communications equipment to high-speed cameras. Grindle himself brought back a suitcase full of catalogs of electronic equipment.

MAKING CONTACT

How this particular deal came about is a story of startling simplicity. Ealing's President Grindle happened to notice a picture on the cover of the U.S. Physical Society's Physics Today showing a Russian physics teacher at work in his classroom. On the table top in front of the teacher was an array of lab equipment that would be unusual in a typical U.S. physics classroom.

Grindle asked the U.S. Department of Commerce about the legality of importing sample lots of this equipment and found that it was completely within the law. He inquired about the equipment at the Russian Embassy in Washington and was promptly referred to Amtorg—the Soviet trade corporation in New York. Amtorg suggested a note to the proper authorities in Moscow. This was answered by an encouraging letter and a list of 96 laboratory equipment items that the Soviet Union would be willing to sell, with estimated sales prices.

MISSION TO MOSCOW

Grindle then decided to go to Moscow to look over this bonanza for himself. He found a well-organized sales setup, prepared to handle his requests. Proper Ministry of Trade officials were available for discussions. Raznoexport, the Russian agency charged with handling Soviet consumer products, permitted him to examine any of its sales products.

Almost as startling as this organization and planning is the significance of the quality of the Soviet lab equipment. University professors, looking at the equipment, are flabbergasted at its educational implications. The Soviets seem to have planned it for use in classrooms up to the 11th grade level. In the United States it would be adequate in classrooms up to and including the first year of college.

Moreover, all of the instruments were obviously designed by people who understand and care about science education. "The most awful part about what we saw," says one professor, "is how embarrassingly good it is."

PRELIMINARY REPORT OF THE SMALL BUSINESS ADMINISTRATION

Mr. PROXMIRE. Mr. President, early this month an article which appeared in Barron's magazine was sharply critical of the activities and procedures of the Small Business Administration. Subsequently, editorials of similar tone appeared in the Wall Street Journal and the Milwaukee Journal. I ask unanimous consent that the article and the editorials be printed at this point in the RECORD.

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

[From Barron's magazine, Feb. 2, 1959]

EASY MARK—A HARD LOOK AT THE SMALL BUSINESS ADMINISTRATION

(By the staff of Barron's)

WASHINGTON.—For more than 5 years, the Small Business Administration, operating through 15 regional and 26 branch offices throughout the country, has been doing a brisk business in lending the taxpayers' money. The number of loans which it has granted now approaches 15,000; the sums outstanding exceed $200 million. By any standard, SBA's loan transactions have become big business.

Despite the size of its financial operations, however, scant attention has been paid to either the philosophy or methods of the Small Business Administration. Yet a number of facts indicate that a hard look is long overdue. For one thing, the agency's own figures on delinquencies and loans in process of liquidation are startlingly high. What's more, a report released last spring by the General Accounting Office suggests strongly that the SBA has been lax in making and protecting its commitments.

The Small Business Administration was created in 1953 after the Government finally had closed the books on the thoroughly discredited Reconstruction Finance Corporation. The new agency was set up to give advice and counsel to small concerns (generally defined as those with assets of less than $1 million); help them to obtain Government contracts; and make loans to those unable to borrow from commercial banks. A revolving fund of $50 million was set up for the latter purpose.

The act which originally established SBA called for it to go out of business in 1955. However, its political appeal proved too strong. As a result, Congress, with administration support, renewed its lease on life, and authorized more money. As of January 1, 1958, a total of $320 million had been approved. Last year, moreover, the 85th Congress, in a burst of generosity, voted the agency another $200 million and gave it permanent status. The 1960 budget provides an equal amount for SBA, making some $700 million in all.

In order to distribute this largesse, the staff of SBA has been processing loans energetically. During the first 6 months of 1958, it went through some 4,700 loan applications, granting more than half. Branch and regional offices, it should be noted, can approve many kinds of loans on their own authority; their power to reject applications, however, is limited. Thus, an applicant who has been refused may ask for reconsideration and have his request forwarded direct to Washington.

Under these circumstances, the total of loans outstanding has soared. From $42 million on June 30, 1956, it had more than quadrupled, to $183.3 million, by mid-1958. The present official estimate of $200 million on the books is probably conservative.

In its haste to meet the credit needs of small businessmen, however, the agency seems to have been something less than prudent, either in making loans or in servicing them. For such shortcomings, SBA officials blame the lack of adequate personnel. Funds for administration, they explain, are appropriated each year on the basis of the previous year's volume of business. Owing to its rapid expansion, the agency is perennially short handed.

Be that as it may, the Comptroller General's audit last year found serious defects in SBA procedures. The GAO reported, for example, that in many cases uncertified and unaudited financial statements were accepted as a sufficient basis for making loans. According to the GAO, some of these statements were of doubtful reliability and accuracy.

Again, in examining loan files at some SBA offices, the Comptroller General's auditors found no evidence that collateral pledged by borrowers had been examined by qualified appraisers. "A review of delinquent loans at one office disclosed instances of rather larger differences between the evaluations of collateral at the date of loan applications and the proceeds realized from foreclosure sales," the GAO report added.

If SBA officials were excessively lenient in making loans, they were even more lax in enforcing the terms of loan contracts. For example, agency regulations provide that debtors must furnish periodic financial and operating statements. However, the GAO found that many, with apparent impunity, were failing to do so. Moreover, where debtors did submit statements, SBA officials often failed to scrutinize them.

The GAO report also notes failure to enforce the rules which call for regular field visits by SBA agents to debtor companies. Says the document: "Our examination of the loan files disclosed numerous cases in which field visits had not been made for as long as 2 years, including some where financial or other conditions were evidently sufficiently unsatisfactory to warrant frequent visits."

The consequences of such slipshod administration could be heavy losses to the Government. By mid-1958, the principal amount of loans in liquidation, or delinquent for more than 60 days, came to $15.3 million, or roughly 8.5 percent of the $183 million of loans then outstanding. Three months later, the sum had climbed to $16.9 million; at latest report, on December 25, it stood at $17.6 million.

How large the losses ultimately will be remains in doubt. Drawing on the experience of the Reconstruction Finance Corp., the SBA estimates that they will run to about 1.8 percent of all loans made. Officers of the agency told the GAO that more than 40

percent of loans in liquidation were considered probable losses in mid-1957. This figure would mean a minimum loss of $3.5 million on the loans which were being liquidated at the 1958 year-end.

Other observers, however, feel that this figure is far too low. Specifically, they point to the steady rise in delinquencies, which shows no sign of coming to an end. To some extent, the shortcomings of SBA can be laid at the door of Congress. The legislation which established SBA, after all, provided that it give credit only to businessmen who cannot obtain normal banking accommodation. Hence its loans necessarily are of poor quality.

Officials of the agency also say that they are under strong pressure from Congress to be lenient with applicants and borrowers alike. Hence they concentrate on processing new applications, rather than on keeping close tabs on existing accounts. Indicative of congressional thinking in this regard was last year's lowering of the SBA interest rate from 6 percent to 5½ percent although the rate at which the agency borrows from the Treasury has climbed from 2¾ percecnt, when it first was established, to 3¾ percent. Even the earlier spread was inadequate to cover SBA costs. In fiscal 1958, by the way, the agency reported a net loss of $7 million from lending operations. Currently, it is running deeper in the red.

However, neither the congressional pork barrel nor the administrative laxity uncovered by the GAO fully accounts for the fact that so many SBA loans are listed as delinquent. Lending policies established by the agency, ostensibly to help small businessmen, must share the blame. An example is the ease with which borrowers are allowed to postpone repayment.

SBA contracts, as a rule, call for repayment in monthly installments. In a number of cases, however, the agency has deferred all payments until the maturity of the loan, thereby paving the way for its extension. In other instances, outright moratoriums have been granted, thus removing the loans from delinquent status without reducing the risk of default.

In one case, cited by SBA officials as an example of their efforts to help small businessmen improve their operations the agency made a 5-year loan to the owner of a boatyard, who sells and repairs small craft and also runs a parking lot and restaurant. Not long afterward, SBA discovered that the borrower had no idea of his costs and that his various enterprises had been running in the red for 3 years. After helping him install a system of cost-accounting, the agency proceeded to defer all payments on the loan until the maturity date.

Officials of SBA frequently find, after making a loan, that the funds are being used for a purpose other than the one specified in the contract. Characteristically, however, the agency does not sue for breach of contract; instead, unless the loan has to be liquidated, it simply scolds the borrower or, in some cases, amends the contract to authorize the change.

One instance is reported by SBA spokesmen—again to illustrate how its experts are helping the small businessman—in which, in order to justify a loan, a canning company was advised to write up the book value of its plant from $125,000 to $700,000.

SBA, in sum, is the ideal creditor—willing to wipe out most of the distinction between a loan and a gift. However, in the view of some critics, it may be doing more harm than good. For in a competitive economy, loose lending, in the long run, is likely to prove destructive. In many cases, such openhandedness serves only to give false hope—and a temporary lease on life—to entrepreneurs who probably are destined to fail in the end. It constitutes, in short, an unfair subsidy to relatively few at considerable cost to their competitors and to the Nation's taxpayers.

[From the Wall Street Journal, Feb. 6, 1959]

SANCTIFYING SMALLNESS

When the Small Business Administration was set up in 1953 it was itself supposed to be small in size and scope. Also, it was supposed to be temporary.

But now, as an article in "Barron's" this week makes plain, this Federal Agency is both permanent and big, though still making loans only to small businesses. The SBA had 15 regional and 26 branch offices and over the years it has been granted some $700 million. While not yet rivaling the size of its unlamented predecessor, the Reconstruction Finance Corporation, it appears headed that way. And to some extent it seems to be emulating the loose financial practices of the RFC.

Delinquencies on SBA loans are high. The General Accounting Office has reported that in many cases loans are made on the basis of uncertified and unaudited financial statements. Enforcement of the SBA's own regulations, such as requiring borrowers to furnish periodic financial and operating statements, is lax, according to the GAO. The Small Business Administration is in the red on its lending operations.

Now this sort of thing is about what you would except in an agency specifically established to make loans to businessmen who can't get them from normal lending institutions. For that alone is a pretty loose way of approaching the problem of financing business.

There is perhaps an even more basic question—one which concerns the whole notion of sanctifying smallness. Smallness itself is not a virtue any more than bigness itself is a vice. Yet it is a persistent fallacy of politicians that small business as such, like small farms as such, must be preserved no matter how marginal, unsound, or inefficient.

Actually bigness and smallness are not reliable criteria of what is economically desirable. A company, to be sure, might get so big that competition suffers; that is, it might if it were not for the antitrust laws which effectively prevent monopolies. Apart from that, the point is not bigness; it is whether competition exists. And the world's most complex economy, which is getting more complex all the time, could not be well served if companies were not able to grow to a size that might have seemed very large 50 years ago.

Despite this trend toward big—but by no means monopolistic—firms, the number of new companies being formed continues to rise. There is no contradiction in this; the explanation is simply that the whole country is growing, and its current needs require all kinds of companies of all shapes and sizes.

But here again the point is not smallness or bigness. Many of the companies that start small naturally go on to become fairly big. Indeed there is no reason why a small steel fabricating concern, for example, should not grow in size and diversity, provided it is intelligently and efficiently run. Nor is there any reason why that same company should not fail if it is poorly run. Everybody has a right to start a business, but nobody has a right to be kept in business by the taxpayers.

It is just such normal and accepted conditions that the politicians distort with their solicitude for small business. By its own terms the SBA unquestionably helps keep going, for a while at least, some ventures that by practical economic standards would otherwise quickly fail. That kind of Federal intervention is no real benefit to such firms themselves. It is no benefit to other businesses of whatever size. It is no benefit to the taxpayers. To the extent it encourages a proliferation of shaky undertakings, it is not sound public policy.

And it is certainly no help to clear thinking to promote this myth, manufactured in Washington, that what is small is automatically sacrosanct.

[From the Milwaukee Journal]

SBA LENDS YOUR MONEY WITHOUT ENOUGH PRUDENCE

The Small Business Administration (SBA) was created in 1953, first year of the Eisenhower administration, as a temporary agency. It was to take over some duties of the discredited Reconstruction Finance Corporation (RFC), and primarily give advice, assistance, and loans to small businesses.

To no one's surprise—least of all the politicians'—SBA has now become permanent. It is no longer small itself. Its clients never were all small in the customary sense, being generally defined as concerns with assets up to $1 million.

SBA's growth has been spectacular. In the 3 years to mid-1956 its loans outstanding reached $42 million. In the next 2 years they more than quadrupled to $183.3 million. And now they are conservatively estimated at $200 million.

Not only in such rapid expansion disturbing, but the General Accounting Office (GAO) has found some slipshod procedures, too. The watchdog agency has reported the acceptance by SBA of many financial statements of doubtful reliability and accuracy as a basis for loans; no evidence that collateral pledged by borrowers in many cases had been examined by qualified appraisers; infrequent visits by SBA agents to debtor companies, even when they were in obvious financial trouble; laxity in enforcement of loan contracts.

As of last June 30, SBA had $15.3 million of loans in liquidation or delinquent more than 60 days—about 8.5 percent of the loans then outstanding. Ultimate losses may not run that high, but the delinquency rate had been rising.

Barron's magazine blames SBA lending policies for some present troubles. They may be paving the way for worse ones in the future. The magazine says that a number of cases SBA deferred loan payments, declared outright moratoriums, or amended the loan contracts.

Congress and the White House seem to show no concern over SBA. They should. If SBA is with us to stay, at least it should be put on a sound basis and be required to follow prudent rules. As Barron's says, loose lending practices can do more harm than good, and openhandedness constitutes "an unfair subsidy to relatively few at considerable cost to their competitors and to the Nation's taxpayers."

Mr. PROXMIRE. Mr. President, as chairman of the Small Business Subcommittee, of the Senate Banking and Currency Committee, I was deeply concerned over this criticism—coming as it did, from responsible news sources.

I have since conferred with SBA Administrator Wendell Barnes and members of his staff on the specific charges, and have received a preliminary report covering most of the subjects treated by the press criticism.

The criticism involved three charges.

First. It was charged that SBA delinquencies are high.

The SBA staff inform me that, as of the end of last year, only 35 business loans, having an unpaid principal balance of $465,581, had been charged off. They report that this is about one-tenth of 1 percent of the dollar total of all loans disbursed, and note that the SBA

has approved over 22,000 loans—about 14,000 business, and about 8,000 disaster.

Standing by itself, this would be a better record than that of commercial banks generally, whose charge-off record is nearly two-tenths of 1 percent. However, there were also 310 loans in liquidation at that time, with an unpaid principal balance of about $7.1 million.

I intend to give full attention to the delinquency situation; and I have asked that I be kept informed.

Second. It is charged that the SBA is lax in the enforcement of its own regulations, particularly in the case of not demanding certified and audited financial statements from applicants for loans.

The SBA staff inform me that this was particularly true during the agency's first 4 years of operation, when the SBA was experiencing difficulty in keeping pace with accelerating demand for its service while limited in personnel and funds.

Along this line, the staff also report that uncertified and unaudited financial statements have been accepted as sufficient basis for making loans—but primarily when the loans are recommended by banks who are presumed to have evaluated their soundness.

Third. The charge has been made that the SBA is operating in the red.

The SBA staff report that this is true; that, in fact, the agency experienced a net loss of $6,800,000 in 1958. They point out, however, that many elements contribute to this. One is that their ceiling on disaster loan interest is below the amount the Treasury charges the agency for its funds. Also, this loss covers all costs, salaries, and expenses of the agency.

I welcome the editorials on this subject that have been published, for they serve to call attention to the operations of this extremely important agency. At this time I should like to present the preliminary report of SBA in answer to the charges. I ask unanimous consent that it be printed at this point in the RECORD.

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

These articles cite the Comptroller General's audit last year with respect to serious defects in SBA procedures. To set the record straight, that audit covered the first 4 years of SBA's existence and included actions through June 30, 1957. The report, therefore, covers the early formative years of the agency during which it was meeting a continuously growing demand by the public for the services the Congress intended should be made available.

Because of its relative youth and lack of experience in predicting demands to be made upon it, the agency was unable to obtain funds and recruit personnel at the same pace as increases in demand were made upon it. As a matter of fact, it was not until the current fiscal year, in August 1958, that SBA was able to estimate for, and obtain funds in line with, the demands made on it by small businesses. These are facts which the article ignores in referring to slip shod administration.

The comment is made that in many cases, uncertified and unaudited financial statements were accepted as sufficient basis for making loans. Such financial statements are many times accepted by SBA without requiring the applicant to go to the expense of an additional audit, particularly where a bank may be recommending a participation. In such cases, it is believed that the banks, having dealt previously with such applicants, were in a position to observe any weakness or impropriety in such financial statements.

In addition, other reports and appraisals are used as a check on the validity of the statements being presented. It is customary for banks to accept unaudited statements in connection with loans similar to most of those made by SBA. It would obviously be unjust to require the applicants for smaller loans to procure outside audits at costs which could run the total expense of SBA loans far beyond any economic point of no return so far as such loans are concerned. The fact that SBA accepts statements not certified on their faces is not important in view of the fact that the application and all supporting documents are subject to the statutory penalties attendant upon misrepresentations to the Federal Government in connection with requests for its assistance.

Furthermore, approximately 70 percent of SBA's loans are made with bank participations and where banks have accepted borrowers' statements, it would be unseemly for SBA to reject the bank's recommendation for approval solely on the ground that the statements were unaudited or uncertified. Both SBA and the banks require independent audits on larger loans.

Comment is made also that SBA is lax in enforcing the terms of loan contracts, particularly with respect to obtaining financial and operating statements. During the period covered by the audit, there were numerous instances in which, because of lack of personnel, the SBA was not in a position to follow up and obtain copies of financial figures or to make field visits to the extent desired.

In May 1957, the SBA established in each regional office separate loan administration staffs, assigned standards for personnel engaged in loan administration which included a requirement that each man should spend not less than one-quarter of his time in the field in personal visits to borrowers and, in particular, the requirement that personal visits be made to each borrower whose loan became delinquent.

Because of the increasing pressure on limited staffs caused by the progressive rise in loan application activity in each regional office, however, many regions were forced to divert personnel from loan administration in order to take care of pending loan applications. The need for emphasis on this phase of the work was specifically set forth in the budget justification for the fiscal year 1958.

Although Congress in August 1958 authorized staff increases which would permit establishment of adequate loan administration staffs in each region by December 31, 1958, recruiting had still not been completed in some regions because of inability to find and train personnel for this job.

Barron's also made the statement that "at some SBA offices the Comptroller General's auditors found no evidence that collateral pledged by borrowers had been examined by qualified appraisers." Again it should be pointed out that requiring outside appraisers would subject smaller borrowers to uneconomic loan expenses; that SBA asks for appraisals if they are available and verifies them with its own personnel; that SBA asks banks for opinions on collateral offered in connection with participation loans; that on all loans the processing examiner is required to exercise his judgment on the adequacy of the collateral; and that, lastly, SBA has long ago established its own staff of qualified appraisers who are used insofar as staff limitations permit on each loan where appraisers would be helpful in considering the advisability of granting the credit and protecting the Government's interest.

A further statement is made concerning the laxity in failing to require adherence to the repayment provision of SBA loans. All deferments of payments are granted in accordance with sound credit policies. So far as can be determined there has not been any instance of deferment of all payments until the maturity of a loan. There have not been any moratoriums granted borrowers. Installments on some loans have been deferred to a later date, and, in some instances, deferred to maturity of a loan. Deferment of installments is a customary practice of lenders where circumstances warrant such action. Deferments of installments by lenders certainly are not restricted to small business. Lenders grant, and have granted deferments to large corporations. The majority of the agency's loans are made in participation with banks. No deferments on such loans are considered without recommendation of the servicing bank.

Contrary to the implications of the Barron's article, the record of the agency is good, as the following facts will show. On December 31, 1958, only 35 business loans, having an unpaid principal balance of $465,581 had been charged off. This is about one-tenth of 1 percent of dollar total for all loans disbursed.

This compares with a loss ratio of almost two-tenths of 1 percent of losses sustained by banks on loans to small business.[1] It must be stated, however, the loans actually written off represent the unpaid portion of those loans for which all possible efforts to collect, including court action, sale of collateral, and deficiency judgments, had been exhausted.

In addition, 310 loans were in liquidation, with an unpaid principal balance of about $7.1 million. However, there is collateral involved in these loans which has not been liquidated as yet, and if the same experience applies to these loans as the loans actually charged off, the ultimate loss to the Government would be approximately $3.7 million.

This coupled with the losses which actually occurred to date would amount to $4.2 million, or about 1.1 percent of loan disbursed. This compares favorably with the RFC reported loss figure of 1.3 percent of total disbursements.

Both Barron's article and the Wall Street Journal editorial clearly imply that the SBA program is closely akin to subsidization or marginal small businesses which might be left to fail if competition were open. The fact is, that SBA loans are not marginal except in the sense that any term loan is in traditional banking terms, marginal. Many commercial banks because of policy or of restrictions on their loanable funds caused by ratio requirement of regulatory authorities will not make term loans.

Any borrower located in that banks' area is under the definition in these articles therefore marginal. Term loans have been available to large business for many years, but small business, even though adequately secured in comparison with the security provided by larger firms, has been unable to find adequate sources of term funds at comparable rates.

It is no disgrace, therefore, for a small firm to have to be declined by its bank of account before it can qualify for assistance from SBA. In most instances this decline is based on the term of the loan rather than the nature of the risk or the collateral offered.

Finally, SBA has been under considerable congressional criticism because its lending practices are too stiff. The agency has had to walk a tightrope between critics on the

[1] P. 76 and following pages of "Financing Small Business," Apr. 11, 1958.

one hand who would say it was not doing enough for small business, and those on the other hand who would have it do nothing at all. That SBA's record is so closely parallel to that of the commercial banks, who are participating in two-thirds of its loans, is a testimonial to the fact that most of SBA's loans are made, except for the term involved, on the same credit principles which apply in private banking generally.

MOTION PICTURE ACADEMY 1958 NOMINATIONS FOR "OSCARS"

Mr. KUCHEL. Mr. President, as so many of my colleagues who have traveled widely know, to most people abroad the word "California" frequently means Hollywood and the movies.

So pervasive and widespread is this great American medium that the names of many American movie stars and of many American films are almost as well known as that of the great American President whose birth the Nation observed on Sunday.

In carrying out another annual custom of wide significance, the American motion picture industry has just paid deserved compliments to some of its personnel who typify the reason why, among peoples of varied races and cultures, American movies are a potent force for better understanding of our way of life.

The respected Motion Picture Academy has just announced the 1958 nominations for its widely known and coveted "Oscar" awards. Presentation to the final winners will be made on April 6, over a nationwide network which is expected to bring the ceremony to an audience of 90 million people.

Hollywood is, of course, more than a place of glamor and excitement. Hollywood is big business, by any standards. It is the base for one of California's leading industries; it affords employment to many thousands of persons in my State directly, and to scores of more thousands—all over our Nation and around the globe—indirectly. Its impact economically and culturally is worldwide.

Today, more than ever, this universal character of the motion picture is typified in the nominations made for the awards for performance and accomplishment for the past year. Foreign pictures, foreign actors and actresses, and foreign technicians from many countries are on the lists of nominees.

These nominations are also important news, all over the world. Today, in Rome, Paris, Bombay, New Delhi, Tokyo, and hundreds of other cities abroad, the names of these nominees are being talked about by moviegoers.

The American motion picture has become an international messenger. It has brought America to the doorstep of the most remote villager in all the far-flung places of the world. American motion pictures are a vastly admired commodity all over the world, alike in countries which have no picture production of their own and in countries which are major producers.

Thus, in India and Japan, which produce far more pictures, numerically, than do the United States, our techniques, our artistic talents, our writers, and our actors and actresses are regarded as the acme of the profession.

We are pleased that in all countries American motion pictures outdraw by wide margins the films of any other country. Even behind the Iron Curtain, long lines stand patiently in line, waiting to pay admission to see an American film, in preference to watching, either free of charge or for a pittance, a subsidized Russian motion picture.

The American motion picture industry is one of which we in California are proud, and I am pleased to note this occasion of its accomplishment.

I ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks, the list of this year's nominations for the Academy Awards to be finally decided on April 6.

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

NOMINEES FOR MOTION PICTURE ACADEMY AWARDS FOR 1958

Best picture: "Gigi," "The Defiant Ones," "Auntie Mame," "Cat on a Hot Tin Roof," and "Separate Tables."

Best actress: Susan Hayward, Deborah Kerr, Shirley MacLaine, Rosalind Russell, and Elizabeth Taylor.

Best actor: Tony Curtis, Paul Newman, David Niven, Sidney Poitier, and Spencer Tracy.

Best supporting actress: Peggy Cass, Wendy Hiller, Martha Hyer, Maureen Stapleton, and Cara Williams.

Best supporting actor: Theodore Bikel, Lee J. Cobb, Burl Ives, Arthur Kennedy, and Gig Young.

Best director: Richard Brooks, Stanley Kramer, Vincent Minelli, Robert Wise, and Mark Robson.

KONYA DAY IN TORRANCE, CALIF.

Mr. KUCHEL. Mr. President, in our Nation's search for the basis of a just and permanent peace, a significant factor is the need to develop a mutuality of interest with people overseas.

On various occasions, President Dwight Eisenhower has advocated more in the way of interchanges between countries devoted to the principles of freedom and democracy. I think it is apparent that many benefits have flowed from such programs as exchange scholarships, trade missions, and participation in fairs and expositions.

In response to one of the President's appeals, the American Municipal Association urged American municipalities to strike up friendships with foreign cities of similar characteristics and mutual interests. An enthusiastic participant in this effort is the fast-growing city of Torrance, in my State of California. On February 28, in that progressive community, Konya Day is to be celebrated. The event honors the city in Turkey by that name, with which our California city is striving to develop a warm friendship and a reciprocally beneficial association. On this occasion, the Turkish delegate to the United Nations, Madame Ismet Sandli, will be an honored guest, in furtherance of the people-to-people program.

I wish to call to the attention of the Senate this forward-looking step by the people of the city of Torrance, and to commend them for their wholehearted action on behalf of the brotherhood of man among free peoples on opposite sides of the globe.

CONGRESS SHOULD IMPLEMENT INTEGRATION

Mr. McCARTHY. Mr. President, I ask unanimous consent to have printed in the body of the RECORD an article entitled "Resolving a Dilemma: Congress Should Implement Integration," written by Ben W. Palmer, of the Minnesota Bar Association, and printed in the American Bar Association Journal for January 1959.

In view of the facts that the Federal courts are already foundering under a backlog of cases and that it is becoming evident that courts are not the effective agencies for handling the complex problems resulting from the Supreme Court's decision on integration, it is vital that the Congress give attention to the development of other institutions and other procedures. Mr. Palmer, a noted Minnesota jurist, has given a great deal of thought to this problem and many other legal problems.

I recommend the article for the thoughtful consideration of the U.S. Senate.

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

RESOLVING A DILEMMA: CONGRESS SHOULD IMPLEMENT INTEGRATION

(By Ben W. Palmer)

Congress should implement integration principles set forth by the Supreme Court by establishing a system of administrative tribunals to take advantage of the flexibility of administrative law.

When holding that racial discrimination in public education is unconstitutional, the Court restored the cases to the docket for further argument regarding formulation of decrees. On May 31, 1955, in *Brown* v. *Board of Education of Topeka* and other cases, 349 U.S. 294, the Court stated that it had requested further argument on the question of relief because the cases arose under different local conditions and their disposition would involve a variety of local problems. The Court said:

"Full implementation of these constitutional principles may require solution of varied local school problems. School authorities have the primary responsibility for elucidating, assessing, and solving these probems; courts will have to consider whether the action of school authorities constitutes good faith implementation of the governing constitutional principles. Because of their proximity to local conditions and the possible need for further hearings, the courts which originally heard these cases can best perform this judicial appraisal. Accordingly, we believe it appropriate to remand the cases to those courts."

In fashioning and effectuating the decrees, the courts will be guided by equitable principles. Traditionally, equity has been characterized by a practical flexibility in shaping its remedies and by a facility for adjusting and reconciling public and private needs. These cases call for the exercise of these traditional attributes of equity power. At stake is the personal interest of the plaintiffs in admission to public schools as soon as practicable on a nondiscriminatory basis. To effectuate this interest may call for elimination of a variety of obstacles in making the transition to school systems operated in accordance with the constitutional prin-

ciples set forth in our May 17, 1954, decision. Courts of equity may properly take into account the public interest in the elimination of such obstacles in a systematic and effective manner. But it should go without saying that the vitality of these constitutional principles cannot be allowed to yield simply because of disagreement with them.

While giving weight to these public and private considerations, the courts will require that the defendants make a prompt and reasonable start toward full compliance with our May 17, 1954, ruling. Once such a start has been made, the courts may find that additional time is necessary to carry out the ruling in an effective manner. The burden rests upon the defendants to establish that such time is necessary in the public interest and is consistent with good faith compliance at the earliest practicable date. To that end, the courts may consider problems related to administration, arising from the physical condition of the school plant, the school transportation system, personnel, revision of school districts and attendance areas into compact units to achieve a system of determining admission to the public schools on a nonracial basis, and revision of local laws and regulations which may be necessary in solving the foregoing problems. They will also consider the adequacy of any plans the defendants may propose to meet these problems and to effectuate a transition to a racially nondiscriminatory school system. During this period of transition, the courts will retain jurisdiction of these cases.

The cases were then remanded to the District Court "to take such proceedings and enter such orders and decrees consistent with this opinion as are necessary and proper to admit to public schools on a racially nondiscriminatory basis with all deliberate speed the parties to these cases."

I submit for consideration the proposition that problems of integration should be worked out by administrative tribunals established pursuant to act of Congress, subject to judicial review as provided by the act, rather than to cast the burden of integration upon the district courts.

INTEGRATION CASES—A BURDEN ON THE COURTS

The Supreme Court itself as shown by quotations above recognizes the great variety of local situations that must be taken into consideration in achieving integration. The application of the constitutional principles laid down by the Court in specific situations may well involve thousands of cases. The Federal courts cannot sustain the burden of such litigation.

The Supreme Court as of May 19, 1958, had 1,013 cases on its appellate docket and 781 cases on its miscellaneous docket. Since cases generally get into the Court by the selective certiorari process, there is no doubt that they involve questions of great importance not only to litigants but more important that that, to the people of the United States. No doubt the flow of these cases will continue and will increase. To that flow should not be added a large number of integration cases nor should the judges of the Supreme Court be burdened with the study of a vast number of applications for certiorari in such cases.

As shown by the report of the Director of the Administrative Office of the U.S. Courts, Federal District Courts have the highest backlog in history; more than 75,000 cases. Says Warren Olney III, Director of the Office:

"Not only is this the highest backlog in history, but it represents a caseload which will keep the Federal trial courts busy for a year, even if not an additional civil case were filed and not an additional criminal indictment were returned. The inevitable result is that delays in the trial of cases in Federal courts, which in some districts are already as high as 4 years, will be still further increased. During the coming year persons who file cases do not stand a ghost of a chance of having trials within a reasonable time. In many instances this will be simply a denial of justice."

This report shows that Federal judges are working harder in a so far unsuccessful attempt to keep up with the backlog. Since 1941 the average district judge has increased the number of cases of which he disposes in a year from 169 to 231. But during the same period, the average backlog has gone up from 137 to 270 cases per judge.

Not only do the overburdened Federal courts have no time for the determination of thousands of integration cases under the equity powers and pursuant to mandate of the Supreme Court, but they are not equipped to handle such problems.

The Federal judge, with his stenographer and clerk, is not equipped to consider "problems related to administration, arising from the physical condition of the school plant, the school transportation, personnel, revision of school districts and attendance areas into compact units to achieve a system of determining admission to the public schools on a nonracial basis, and revision of local laws and regulations which may be necessary in solving the foregoing problems."

The adversary system is not adaptable to the objective ascertainment of truth and to correct judgments in such cases. Far more than in the case where the court is confined to consideration of expert testimony supplied by the adversaries, the court or body attempting to implement the Supreme Court principles must have its own investigative power and staff. It must be able to direct and control objective research of local conditions and opinions and problems of enforcement. Such staff studies and reports would serve to moderate and stabilize adversary contentions surcharged with emotion. We know from experience that in adversary cases, the tendency of each side is to take an extreme position in the hope that any compromise to resolve the conflict will be more favorable to the party taking an extreme position. This tends to exacerbate rather than allay passions.

The Court itself has recognized that it is impossible suddenly to enforce a uniform rule of law in tens of thousands of school districts in diverse communities in the face of local problems of administration. This is true even in the case of school boards that sincerely desire to integrate.

One reason for the breakdown of national prohibition was, of course, opposition to it in many areas of the country. While acceptable generally in a State which was predominantly agricultural and perhaps previously a dry State, there were metropolitan areas in which enforcement became impossible. Any national law which affects the daily conduct of millions of people throughout the United States cannot hope to succeed if it is a Procrustean bed. There must be some flexibility in the administration of standards laid down by the Constitution as interpreted by the courts or laid down by Congress.

EQUAL PROTECTION—A JOB FOR CONGRESS

Congress should exercise its constitutional power to enforce, by appropriate legislation, the equal protection of the laws of the 14th amendment. We learned from experience that the growing complexity of the economic structure in the United States required, as a practical matter, that administrative bodies be established to apply legislative standards and rules of conduct to particular factual situations from time to time. We learned that through laws of general application we could not effectively regulate such diverse matters as railroad rates, which should be reasonable, or trade and labor practices, which should be fair. We learned that these regulations could not be effectively administered except by administrative bodies. The determination of innumerable problems depends on infinitely varied factual situations. Promptness and efficiency are required on the basis of continuous expert and inexpensive procedures. These procedures are set up so as to secure immediate investigation and the application of statutory rules on the basis of a sound, practical judgment. Administrative procedures are much more adapted than the judicial to secure the quick solution of new and varied problems with practical and ready adjustment to social changes and with flexibility based on experience.

It is on the basis of these needs and principles that we had the vast growth of administrative tribunals and administrative law. Constitutional objections to the delegation of powers were overcome by the courts. It was held that Congress might not only give authorization to determine specific facts, but might establish primary standards, devolving upon others the duty of carrying out the declared legislative policy, that is to fill up the details under the general provisions made by the legislature. The Interstate Commerce Commission was given power to fix reasonable rates. The Secretary of Agriculture was validly authorized to meet local conditions in his regulations. The Federal Trade Commission can determine what are unfair methods of competition and the Federal Communications Commission can take action to insure equality of radio broadcasting service. Agencies were given the power of investigation, separate from the power to take action. Executive officers were authorized to secure the exact effect intended by a congressional act by vesting discretion in them to make regulations interpreting the statute and directing the details of its execution.

Congressional standards were held sufficiently definite as to be constitutionally valid: to determine just and reasonable rates and unreasonable obstructions to navigation, public interest, public convenience and necessity, and protection of investors and undue discrimination in rates. The Interstate Commerce Commission is given the power to prevent undue preferences and to require suitable facilities for transportation of interstate commerce. Thus, an administrative body could determine whether the practice of an employer is unfair in that it interferes with the right of employees to form, join, or assist in labor organizations of their own choosing.

It is true that Congress would have to establish the standards of legal obligation which would properly limit administrative bodies. It would have to set up rules of conduct or policy for application by the administrative body to a particular state of fact and it should require findings to show that such rules of conduct or policy apply to the particular type of fact set forth in the statute setting up the standards.

A SOLUTION—ADMINISTRATIVE AGENCIES

Congress should consider authorizing the President to appoint administrative tribunals for integration for States, counties, municipalities, or school districts. Consideration might also be given to the appointment of one overall national commission to supervise the work of the other administrative bodies within the States. Members of all commissions might be subject to removal by the President or by some officer given that authority. In appointing commissions, care could be taken to procure so far as possible local representatives of high standing and of moderate views and of sound discretion.

Legislation would include a persuasive preamble, a declaration of national policy, and definitions of such terms as "integration" and "deliberate speed." It would set forth the requirements of notice of public hearings

by the integration councils, condition precedent to findings and orders. It would indicate the principal types and range of facts to be considered and included in required basic findings to support integration orders. Such facts, justifying the timing of integration of specific schools to be covered by successive orders, might include the number of pupils of each race or color in the school, the ratio of teachers to each, the adequacy of staff, creation of teachable groups, pupils' residences in relation to the location of the schools, curriculum, physical plant and equipment, particularly as related to integration problems, the cost of needed changes or additions to the plant, sources of funds to meet that cost and of maintenance revenues, and social and economic conditions bearing on the timing and practicability of integration. Factors properly to be considered by a court of equity might also be indicated in general terms.

Commissions or administrative bodies should be given the power to investigate; to educate and inform the public, to determine administrative questions and apply the legislative mandates set out in the congressional act in specific cases. They should be required to accompany or base each opinion or order or rule upon specific or basic findings of fact. The agency should be given the subpena power and the power to require forms of reports from school authorities and to investigate their records and activities. They might also be given the power to gather information by holding referendums and making them the basis of their determinations. They should be given the power to make rules and regulations to carry into effect the congressional will as expressed in the statute, that is the power to fill up the details. They should be given especially the power to prevent possible methods of evasion of the statutory law and deprivation of constitutional rights and the possible concealment of forbidden practices.

The statute should provide that when any of these administrative tribunals acts within its properly delegated discretion, its determinations should be conclusive so far as its findings of fact are concerned as supported by substantial evidence. Advantage, of course, should be taken of the doctrine of administrative finality announced first with reference to the Interstate Commerce Commission. The weight of the evidence should be exclusively for the administrative agency as well as the soundness of its reasons, not subject to review by the courts. So far as constitutionally possible, the function of the courts should be limited to questions of law so as to relieve them from the tremendous burden of reviewing voluminous administrative records and vast bodies of fact and opinion on the subject of integration. This will relieve the courts from the responsibility of becoming sociological experts and making intensive investigations of detailed facts.

We canot afford the bitterness of even a mild form of reconstruction by means of Federal bayonets or an army of U.S. marshals. We cannot afford the criticism of the courts that will inevitably result if they are flooded with thousands of cases which they are not in a position to handle efficiently and promptly. We should not overburden the Federal district judges as many of them were overburdened during the days of prohibition enforcement when they complained that their courts became police courts. We should not place upon the judiciary the responsibility for a solution in detail of complex problems of administration and law enforcement in thousands of cases, and of sociological and economic factfinding for which they are not equipped. This is especially true when there is available an alternative method of a solution to the problem with all deliberate speed under Federal control, but with local aid. We should take advantage of our experience with administrative tribunals and administrative law acquired both on the State and Federal level since the Interstate Commerce Commission was established more than 70 years ago. A congressional approach to the solution of the problem will enable Congress with the aid of the best minds in the country to work out a judicious, sensible, just, peaceful, and practicable solution of the complex problems involved in implementing the decisions of the Supreme Court of the United States.

EXTENSION OF TIME FOR JOINT ECONOMIC COMMITTEE TO FILE REPORT

Mr. DOUGLAS. Mr. President, according to the Employment Act of 1946 the Joint Economic Committee is supposed to file its report on the "Economic Report of the President" on the 1st of March. The committee has voted unanimously to request that it be given until March 9 to file its report. I ask unanimous consent that this additional time be granted the committee.

In explanation of the request, Mr. President, I will say that the committee gave authorization to me to say that the request for an extension of time was made by representatives of the minority on the committee, and it is not regarded as a breach of faith for me to so state.

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

Mr. DOUGLAS. I yield.

Mr. BUSH. I confirm that what the Senator has said is a correct statement. In fact, I think I asked the Senator to make the request, so that we might have additional time. Of course, the reason why additional time is needed is that we received the draft of the committee report, prepared by the staff, only this week.

Mr. DOUGLAS. It was received Monday morning.

Mr. BUSH. Monday morning. After having examined the draft, the minority concluded it called for some separate views, and we did not feel we could possibly prepare those views satisfactorily within this week, which would have been necessary in order to comply with the law. We are grateful to the Senator for making this request to extend the time.

Mr. DOUGLAS. The majority is very glad to meet the request of the minority.

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

TWENTY-FIFTH ANNIVERSARY OF THE WEST VIRGINIA REGISTER

Mr. BYRD of West Virginia. Mr. President, February 11 was the 25th anniversary of the West Virginia Register, official publication of the diocese of Wheeling. The occasion merits official notice in the CONGRESSIONAL RECORD, for the Register has performed a special service not otherwise available to Catholics and other readers who make up its subscription list throughout our State.

Religious publications are of particular importance in an age where so little time is devoted to God by the average person. Although work hours have been reduced over the years, resulting leisure time seldom brings increased attention to divine worship or study. Attendance at Sunday services is not enough to absorb all the knowledge and understanding that man needs to have if he is to fortify himself properly against the temptations of modern civilization.

While some daily newspapers devote regular columns to contributions of religious teachers, the space is necessarily too limited to outline all the moral training needed in every household. The Register thus fills a gap that could otherwise prove costly to children and adults alike.

Msgr. Joseph P. Kiefer, editor of the Steubenville Register, which is edited across the river from the Wheeling diocese, in a tribute to the West Virginia Register points out that throughout its quarter-century, Msgr. Frederick J. Schwertz has served as editor and business manager, in addition to his other duties, in the diocese. I, as a consecrated Baptist, join Monsignor Kiefer, an equally consecrated Catholic and the many other friends of the West Virginia Register, in wishing continued success in the years to come.

VISIT TO THE SENATE BY CAMBODIAN LEGISLATIVE GROUP

Mr. HICKENLOOPER. Mr. President, it is my honor and privilege to present to the Members of the Senate today a delegation of legislators from Cambodia. I present the chief of the delegation, the president of the National Assembly and mayor of Phom Penh, and former Cambodian Ambassador to Thailand, his Excellency Chan Sen Cocsol. [Applause.]

Mr. So Nem, Vice President of the National Assembly, former educator and director of the Agence Khmere Presse, the Cambodian National Press Agency. [Applause.]

Mr. Ong Sim, a National Assembly deputy, prominent businessman, and civil leader. [Applause.]

Mr. Hing Kunthel, National Assembly deputy, vice president of the juridical and constitutional commission, and former teacher of history and geography at the Lycee Sisowath, the largest secondary school in Cambodia. [Applause.]

Mr. Tum Kim Heng, National Assembly deputy, formerly the mayor of Kampong Speu and an official of the Cambodian Government Administration. [Applause.]

Mr. Eng-Tao Sar, National Assembly deputy, a former provincial assembly president. [Applause.]

Mr. Kim San, member of the Council of the Kingdom (upper house), former judge and former chief justice of several provincial courts. [Applause.]

These distinguished legislators of Cambodia are in the United States on what we all feel is an all too short visit to our country. They will visit a number of other places besides Washington. We are happy to have them with us, so that they may become acquainted with the United States. We welcome them with all good fellowship.

Mr. MANSFIELD. Mr. President, on behalf of the majority leader and the

Members of the Senate on this side of the aisle, I wish to join the distinguished Senator from Iowa in expressing our gratitude to our colleagues from Cambodia in undertaking to visit us in the United States and in undertaking to see what it is that makes America go round, so that they may become better acquainted with our people and institutions. We hope that their trip will be both beneficial and educational. We express the hope that this parliamentary delegation from the friendly country of Cambodia in Southeast Asia will be the forerunner of many other delegations to come.

Mr. WILEY. Mr. President, it was my privilege the other day to be at the White House with this group of distinguished visitors, and today it was my privilege to have lunch with them, when the distinguished Senator from Iowa [Mr. HICKENLOOPER] presided. At both of these meetings I was greatly impressed with the sincerity of this fine group of people.

We were informed that all of them speak French and Cambodian, and that some of them speak a little English. English, French, and Cambodian are now taught in the schools. The remarks of the head of the delegation indicated clearly that they were in our country to get acquainted with America.

The President of the United States has entertained them; they met the Justices of the Supreme Court, and other distinguished Americans. Yesterday they received a gavel from the Presiding Officer of the House of Representatives. Today they were entertained in the Senate dining room.

We feel that in this group we have missionaries for the American way of life. They are going back to their country to tell once again the story of America. I am grateful that I have had the opportunity to become acquainted with them.

The PRESIDING OFFICER (Mr. Moss in the chair). As the Acting Presiding Officer of the Senate, I welcome the gentlemen from Cambodia to this session of the Senate. We hope your visit will be pleasant and instructive, and that the friendship between our countries will grow. We are indeed glad to have you attend our session today, and we hope that your visit in our country will be pleasant and profitable.

WARNINGS FROM STATESMEN OF THE PAST ABOUT THE SURVIVAL OF THE REPUBLIC

Mr. BRIDGES. Mr. President, in this day of propaganda visits by Deputy Premier Mikoyan and fawning over him by some of our bankers and industrialists who would unwittingly aid the mounting Soviet economic offensive, and in these days when too many people seem to be concerned during the day only with chasing the additional dollar and at night only with a new round of entertainment, I think it is important that we recall some of the warnings about the survival of this Republic made by some of our great statesmen of the past. In this regard, I would like to have printed, at this point, in the body of the RECORD the immortal words of one of New Hampshire's most illustrious sons, Daniel Webster, who served so brilliantly and with such distinction in this very body:

Other misfortunes may be borne or their effects overcome. If disastrous war should sweep our commerce from the ocean, another generation may renew it; if it exhausts our treasury, future industry may replenish it; if it desolates and lays waste our fields, still, under a new cultivation they will grow green again and ripen to future harvests.

It were but a trifle even if the walls of yonder Capitol were to crumble, if its lofty pillars should fall, and its gorgeous decorations be all covered by the dust of the valley. All these may be rebuilt.

But who shall reconstruct the fabric of demolished government?

Who shall rear again the well-proportioned columns of constitutional liberty? Who shall frame together the skillful architecture which unites national sovereignty with States rights, individual security and public prosperity?

No, if these columns fall they will not be raised again. Like the Coliseum and the Parthenon, they will be consigned to a mournful and melancholy immortality. Bitterer tears, however, will flow over them than were shed over the monuments of Rome or Grecian art; for they will be the monuments of a more glorious edifice than Greece or Rome ever saw, the edifice of constitutional liberty.

MEDICAL PROBLEMS OF AGING AIRLINE PILOTS

Mr. BRIDGES. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a letter from General Quesada, Administrator of the Federal Aviation Agency.

This letter is responsive to my remarks made on the floor of the Senate on February 16, 1959, in regard to the medical problems of aging airline pilots. I cite this letter because it not only confirms the validity of my remarks but points to the fact of the seriousness of the problem. The letter also indicates that General Quesada and the Federal Aviation Agency is fully alerted to the problem and that studies are under way in regard to it and should give concrete answers, thus making a further contribution to the continuing effort to make the airways as safe as humanly possible.

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

FEDERAL AVIATION AGENCY,
Washington, D.C., February 24, 1959.

Hon. STYLES BRIDGES,
U.S. Senate, Washington, D.C.

DEAR SENATOR BRIDGES: I wish to express my appreciation, and that of my staff, for the attention you directed toward the medical problem of aging in airline pilots by your remarks on the floor of the Senate on February 16, 1959. We are in full agreement with those remarks and with the newspaper article to which they referred. The problem is, indeed, complex and further compounded by the valid but somewhat opposing interests of diverse groups. It is made more difficult by the limited scientific knowledge of the effects of the aging processes on the performance of airline pilots.

Such knowledge as exists, or is currently being developed, on the subject of physiological and psychological aging is under constant review and careful study by the Office of the Civil Air Surgeon. This group is attempting to determine the extent to which available knowledge is applicable to the specification of medical standards for older pilots. The closest attention will continue to be given to this subject by qualified personnel within the Agency.

In addition we plan to initiate studies directly related to the subject of aging in pilots where this is needed to supplement existing knowledge. In the interim before the development of specific and objective medical criteria, however, we are considering the desirability of issuing a maximum age level for those who perform airline pilot duties. Such an issuance will only be made after consultation with all authorities and interested parties such as those to which you referred.

Your continued interest in this problem area will be much appreciated. If you wish I shall be glad to have you advised of significant developments as they occur.

Sincerely yours,

E. R. QUESADA,
Administrator.

SOVIET TACTICS TOWARD THE WEST

Mr. BRIDGES. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a column by Constantine Brown entitled "Watching the Talk in Moscow," which appeared in Wednesday, February 25, 1959, issue of the Washington Evening Star.

Mr. Brown's statements are a most timely warning in the face of current British-Soviet talks and the increasing indications of the mounting Soviet economic offensive against the free world. It is obvious that the Soviet tactic is to severely test the solidarity of the free world when the juicy plums of trade exchanges are offered. This column is thoughtful reading for all Americans.

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

WATCHING THE TALKS IN MOSCOW—POSSIBLE SOVIET TRADE OFFER TO BRITAIN SEEN AS MOVE TO SPLIT WEST

(By Constantine Brown)

The State Department top level is watching with anxiety the developments in Moscow, where the Prime Minister and the Foreign Minister of Great Britain are conducting lengthy negotiations with Comrades Khrushchev and Mikoyan, two of the shrewdest and most ruthless dictators in the world.

The visit of the British team is supposed to be one of exploration only—insofar as Britain's allies and friends are concerned. But the guests of the Kremlin dictators have some irons of their own in the fire. They are interested in any kind of remunerative trade they might be able to find in the Soviet Union and also in any bilateral agreement they could reach which would not affect the immediate allied policies.

Any such achievement, the British Conservative leaders believe, would help them immeasurably at the forthcoming elections. The British ballyhoo artists (public relations experts) are as imaginative as their American colleagues when it comes to making capital of some insignificant human interest detail. They decided to exploit the white hat Sir Harold Macmillan was wearing on his arrival at the Moscow airport. This headgear now has become a near-symbol. The press across the Atlantic

and in America was printing the comment of the hatmakers in the United Kingdom and many other incidentals connected with the white fur cap.

In Washington, politically minded observers hope that the cap of Sir Harold is not a replacement for the now famous umbrella of Neville Chamberlain. As a matter of fact, Sir Neville woke up (somewhat belatedly) from the pleasant dream that one can associate with ruthless self-seeking dictators whose dream is to conquer the world. As far as this objective is concerned, there is no difference between the unlamented Adolph Hitler and Nikita Khrushchev.

Prime Minister Macmillan and free world actual and would-be appeasers might do well to read Sir Neville's speech of March 17, 1939, when he realized that he had been fooled by the blandishments and the professions of good faith and desire for peace of the Nazi dictator. The then British Prime Minister said:

"There is hardly anything I would not sacrifice for peace. But there is one thing I must except, and that is the liberty that we have enjoyed for hundreds of years and which we will never surrender. * * * No greater mistake could be made than to suppose that, because it believes war to be a senseless and cruel thing, this nation has so lost its fiber that it will not take part to the utmost in its power in resisting such a challenge if it ever be made."

This was the end of the appeasement policy of the democratic Western nations, but not the end of the flounderings of their leaders, who despite positive intelligence still believed that they could reach a sensible agreement with the Soviet Union and thus avert war. Their military staffs knew that Hitler would not risk a war without the assurance that he would not have to fight on two fronts. Joseph Stalin, Comrade Khrushchev's predecessor and mentor, gave Hitler that assurance and thus made it possible to unleash World War II—in keeping with the major policies of the Communist doctrines.

Of course the present conditions, insofar as Britain is concerned, are no longer the same. The Empire has fallen to pieces, except for a few rather remunerative remnants. The British Government—be it Conservative or Socialist—must be seriously concerned with making ends meet more desperately than any other country in the world. It is this need, more than the friendly proddings of some policymakers in our State Department, that 10 years ago induced the Attlee government to recognize Communist China.

It is the expectation that, as a result of the present visit by the two most important members of the Conservative British cabinet, Messrs. Khrushchev and Mikoyan may agree to the signing of some juicy trade exchanges. After all, the Soviet dictatorship owes a deep debt of gratitude to the British statesmen. The impact of their cordiality will be strongly felt in all the satellite countries—specially in Hungary. It will offer another convincing argument the Kremlin will be able to use against the fighters for freedom in Eastern Europe. It can say: "Abandon all hope. Britain, which for centuries stood up for liberty, is now accepting the accomplished facts. The other Western countries will come in line, too."

THE FEDERAL BUDGET AND TAXES

Mr. BRIDGES. Mr. President, I ask unanimous consent to have printed in the body of the RECORD an editorial appearing in the Washington Daily News of Wednesday, February 11, 1959. I ask this consent as part of my continuing effort to keep before the eyes of the American people the mounting cost of Government and the need to meet it by the restraint of balanced budgets, if we are not to see the American dollar become mere printing press currency. This editorial refers to a tabulation which I had prepared and which appeared earlier in the RECORD. I am pleased that the Washington Daily News and many other papers throughout the country used this material in editorial fashion so that the information could have as wide a circulation as possible in alerting the American public.

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

WHAT YOU PAY FOR

Senator BRIDGES, of New Hampshire, has supplied his fellow Senators with a revealing breakdown of the new Federal budget in terms of taxes.

For instance, $59.50 out of each $100 you pay in income taxes goes for defense. Here is where the rest of the $100 goes:

For interest on the debt, $10.50; for agriculture, $7.80; for veterans, $6.60; for welfare, $5.40; for commerce and housing, $2.90; for international affairs, $2.80; for natural resources, $2.20; for general government, $2.20; plus a dime for leeway, budgeted as contingencies.

Now, let's take just one item, agriculture, and carry it a little closer home. Out of each $100 on your tax bill, $7.80 is spent on assorted services for farmers, 75 percent of it for crop subsidies which keep piling up surpluses.

So pick out your bracket from the next paragraph and you can figure how much of your money is being poured down the drain—in buying up crops to store all over the land, and sometimes to rot or be given away.

If your taxable income is $2,000, $31.20 of your tax payment goes for agriculture. If your taxable income is $4,000, $65.52 is tabbed for this item. If it is $6,000, agriculture takes $106.08. If you pay on $8,000 of your income, $152.88 is used for agriculture.

Senator BRIDGES' chart offers another bloody statistic which shows what has been creeping up on us here in Washington in recent years: Out of each $100 you pay in taxes, only $2.20 goes for general government. That's only 5.4 percent of what's left after the defense bill.

In other words, 94.6 percent of the nondefense cost of the Government goes for interest on the debt, veterans' benefits, subsidies, relief, the postal service, aids to States, small business, hospitals, education, housing, foreign aid, diplomacy, parks, reclamation, and regulation.

Times, and taxes, have sure changed.

The PRESIDING OFFICER (Mr. YOUNG of Ohio in the chair). Is there further morning business? If not, morning business is concluded.

GERMAN REUNIFICATION AND THE PRESENT BERLIN CRISIS

Mr. DODD obtained the floor.

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

Mr. DODD. I yield.

Mr. MANSFIELD. I wish to take this occasion to express my gratitude to the distinguished Senator from Connecticut for giving me an advance copy of the remarks he is about to make. I apologize for the fact that I have been waiting since 1 o'clock to keep an engagement which I should keep.

With the Senator's permission, I should like to suggest the absence of a quorum at this time.

Mr. BUSH. Mr. President, will the Senator withhold that suggestion for a moment?

Mr. MANSFIELD. Certainly.

Mr. BUSH. Will my colleague yield to me?

Mr. DODD. I yield.

Mr. BUSH. Not knowing that my distinguished colleague from Connecticut intended to make an address this afternoon, I committed myself to another engagement, which will account for my absence from the floor after 5 minutes to 2. I am very sorry that I shall be compelled to be absent. I thank the Senator for an advance copy of his address, which I have not had an opportunity to examine fully, but which impresses me very favorably.

Mr. MANSFIELD. Let me say to the junior Senator from Connecticut that I shall return to the Chamber later. I shall be absent only temporarily. I hope he will understand.

Mr. DODD. I understand.

Mr. MANSFIELD. At this time 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. MORTON. 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. DODD. Mr. President, a week ago today I submitted a resolution concerning German reunification and the present Berlin crisis. I wish to speak today on that resolution. I join in the debate on this crucial question almost with a sense of regret. I realize my own limitations and the inability of any of us to keep fully abreast of all the shifting developments on the world scene. And surely no new Senator relishes the prospect of pitting his views in opposition to the views of wiser men whom he respects and admires.

Even the most senior Senator cannot study these grave and complex questions without a weariness of mind and of soul that must come to all who seek solutions to seemingly insoluble problems.

What we do and say here is bound to have some influence, for good or ill, in our country and in the world. What we do may be misunderstood. What we say may be misrepresented. What we believe may be in error. All of these misgivings loom large in the mind of one so new to this Chamber as I.

But the Berlin crisis approaches, and the historic responsibility of the Senate to advise and give counsel on questions of foreign policy now devolves upon us. The Senator from Montana [Mr. MANSFIELD] has rightly urged us to fulfill that duty and bring these problems before the Nation while there is still time for meaningful discussion.

The people of this country are entitled to a sincere public discussion of the problem which, if not properly resolved, may lead them to disaster or to war; and the views of the people must be given expression through debate on the floor of the Senate.

And so I wish today to write into the public record the position of at least one

Senator on this matter of such vast import for the future of mankind.

Let us first review the simple facts of the situation confronting us.

On November 27, 1958, the Soviet Union demanded that the United States, the United Kingdom, and France abandon West Berlin. Each subsequent Soviet statement has made that Soviet ultimatum ever more rigid and unyielding. The free world has been given a deadline, May 27, 1959. Moscow says that on that date, Soviet responsibility for guaranteeing free-world access to West Berlin is at an end. Russian troops are to be withdrawn from East Germany and replaced with East German troops. The Western Powers must then, according to Moscow, make all future arrangements with the East German puppet government.

We are told that if we attempt to maintain our right of access to West Berlin without the approval of the East German puppet regime our forces will be fired upon. If they defend themselves, Russia will call it an act of war and will rush to the defense of the East Germans, thus presumably touching off world war III. This, in brief, is the official Russian policy.

There have been two types of reaction to this Soviet ultimatum. The President and the Secretary of State have responded to it by reaffirming their belief in the soundness and rightness of our policy. They have upheld the basic principles of that bipartisan policy, while suggesting a number of subordinate questions upon which we are willing to negotiate, if the Soviets are really interested in negotiation. The position of our Government, as I understand it, is this:

The Four Powers must make the basic decision on German reunification but representatives of East and West Germany may sit in as advisers. Ultimate free elections are an absolute necessity, but there is room for negotiation over what form these elections will take. I certainly hope that we will call on the United Nations before we use force and before the deadline of May 27. The Western Powers insist upon their right of free access to West Berlin, but they may call for United Nations counsel before using force, and they will use careful forbearance in exercising those rights. Western troops must remain in Berlin, but only so long as the West German Government and people desire them to stay.

This is the policy of our national administration. It is, in my judgment, a policy that is sound, enlightened, and morally right.

Critics of this policy have responded to the Soviet ultimatum in a far different vein. They attack our policy as too rigid and inflexible. They say that "free elections" and "standing fast in Berlin" are slogans, not policies. They argue that a divided Germany threatens the peace of the world and see continued German partition, and German reaction to it, as a certain cause of war. They say that the Soviet ultimatum makes it essential that we reexamine our policy and come forward with compromises and concessions. They insist that because our policy has not produced a settlement in 14 years, it has failed and should therefore be scrapped. They advocate a withdrawal of Western troops because they feel that some accident or chance border incident could set off world war III. They maintain that even token agreements would be a great step forward because they would relax tensions and change the diplomatic atmosphere. They contend that we ought to join in a European security pact that would recognize Red control of Eastern Europe as a permanent fact of history and thus allow the Russians to feel secure. They maintain that the Russians are looking for a face saving way to withdraw troops from Eastern Europe, and that we should make compromises that will help them to do so.

My purpose today is to examine these assumptions.

Is our Berlin policy too rigid and inflexible? I think not. There is no peculiar virtue in the concept of flexibility. To me, flexibility implies compromise and concession. When applied to fundamental principles, right principles, flexibility is not only without virtue; it becomes a vice. What concessions or compromises can we make on the basic principles of our Berlin policy?

Can we abandon the principle of free German elections? To do so would be to abandon the principle that our country has lived by and kept alive for almost two centuries.

Can we withdraw our troops from West Berlin? To do so would leave it at the mercy of Communist encirclement and attack.

Can we submit to a Communist blockade of West Berlin? To do so would mean slow but certain starvation and destruction.

Can we surrender the concept of Four Power responsibility? To do so would be to surrender the reason for our presence in West Berlin and to shirk responsibilities which grew inevitably out of our combined victory over Germany in World War II.

These are the concessions the Soviets demand. I say that we cannot grant any one of them. Let those who complain of our inflexibility address themselves to these basic principles and tell us which one of them is subject to flexible compromise.

If they say that I am setting up a strawman, and that they do not mean to yield on any of these points, then it is they who are sloganizing, not we.

"Free elections" and "stand fast in Berlin" are expressions of principle, not slogans. But cries of "inflexibility" and "rigidity" are indeed slogans unless they spell out the points upon which we should make concessions. If the critics of our present policy advocate compromise on any of the basic points of that policy, they should say so. If they do not, they should give up their slogans and join forces with those of us who stand behind the fundamental principles of our foreign policy.

Mr. Khrushchev stated, only a few days ago, that the Soviet policy is absolutely inflexible; that the Kremlin will make no concessions; that they do not even want a foreign ministers' conference.

The Communists have remained intransigent in their unjust position for 14 years. Must we therefore retreat from our just position? Whenever the Soviets continue to say "No" so long that a crisis becomes imminent, there are always cries from well-intentioned people in our camp that our policy is too rigid, too inflexible, and too unrealistic, and that we should turn to compromise and accommodation. These criticisms should be directed at the Soviet Union. But instead "the righteous are called to repentance instead of the sinners."

When we have resisted these slogans, as we did during the first Berlin crisis, we have made progress. When we have listened to them we have sunk further into the swamp of compromise on basic principle that has in the past led from disaster to disaster. Have we forgotten the lessons of the Hitler era with its compromises, concessions and flexibilities?

There are others who, while remaining silent as to basic concessions, maintain that we ought to make token agreements, that we ought to make our tone of voice more friendly, because small agreements and friendly words would establish a new climate of opinion, an atmosphere of good feeling and mutual trust that would usher in an era of real agreement on basic issues.

On the surface this argument may seem appealing. No one would suggest that we should be brash, or rude, or discourteous in our diplomatic negotiations. These are the hallmarks of Communist diplomacy.

Our diplomatic representatives have not been guilty of these things. On the contrary, American representatives have traditionally conducted themselves with a courtesy and a dignity which is born of dedication to right principles, and confidence that they will ultimately prevail.

But the etiquette of diplomacy solves nothing in this Communist age. At the Geneva Summit Conference in 1955, our leaders indulged themselves to the full in soft words, smiles, and geniality to an extent we should perhaps like to forget now. And while all this was going on, the Communists were shipping guns to Nasser in Egypt to touch off new violence in the Middle East. The belief that soft words, or agreement for the sake of agreement, will make any change in the basic facts of international life is a folly which is incredible in this 42d year of Russian communism.

Such thinking seems to be based on the belief that the great division in the world between freedom and slavery is caused by a great misunderstanding; that we do not really understand the Russian leaders; that they do not understand us; and that if we could only start understanding each other our differences could be resolved.

This insipid sentimentality flies in the face of four decades of history. The Russian leaders understand us only too well. Sometimes they understand us better than we understand ourselves. They understand us and seek ceaselessly to destroy us and everything we stand for. If we could understand them better we

would quickly see that this is their sole objective.

Secretary of State Dulles dealt with this question in testimony before the House Foreign Affairs Committee on January 28 of this year, in words that I would like to quote now:

> It would be easy to devise a form of words which could be agreed to between the United States and the Soviet Union and which would give many unwary people a sense of relief, and a feeling that our Nation need no longer make the efforts and sacrifices that are now called for. The Soviet Government has, for a long time, been trying to get that result. It is, however, my deep conviction that the cold war cannot be ended in any such way and that to take that step would merely make it probable that the cold war would end in victory for international communism.

Mr. President, any artificial accommodation which gives the appearance of agreement without the substance is a dangerous folly that can only disarm us and send us to our doom, comforted, and reassured that all is well.

Another assumption which enjoys wide currency is the argument that a divided Germany threatens us with world war III. This assumption is usually accompanied by reference to Germany's responsibility for two previous world wars.

Such reasoning, I think, overlooks the basic source of tension in the world. World communism and world communism alone, threatens us today with world war. Germany can be no more than a pretext for war, if and when the Kremlin decides that it wants war.

There are some who fear that the proximity of Communist and free-world troops in Germany could give rise to an accident, or an incident, that would touch off war. They contend that the pulling back of atomic weapons and troops from this area is essential.

There is a danger always present when armed forces face each other across a thin line.

We should try, we are trying, and we will continue to try, through disarmament and other negotiations, to reduce and ultimately to remove this hazard.

But this is not the imminent and critical danger. It is the effect, not the cause, of Communist hostility.

We are willing, and indeed anxious, to reach a sound agreement on these questions. The Russians are not. So we come back to the essential point. It is the hostility of the Communists that threatens us with war.

If war comes this year—God forbid—over the Berlin crisis, it will come as a deliberate, calculated stratagem of Red aggression. Berlin is just another phase of their long-term plan to subjugate the free world. The Berlin question is just a pawn in their hands and will certainly not determine, of itself, whether there shall be peace or war.

There is, however, one circumstance which could give rise to a world war that no one wanted. If we, through the appearance of division, through weakness and lack of purpose, encourage the Communists to attempt some new act of aggression, this may well trigger off a war, and a war for which we are tragically unprepared. The hazards of flexibility and vacillation are far greater than those of strict adherence to right principles.

The critics of our present Berlin policy argue that our position has failed for 14 years to bring either German reunification or free elections, and therefore, they say, it is a failure and should be reversed.

But we cannot put a time limit on how long we shall stick with a right policy.

Fourteen years is a short time in the history of freedom. The struggle between freedom and communism is not one of months or even years. It may be a matter of decades or of generations. It may be that generations of Americans will have to stand on the present line in West Berlin in order to prevent the Communists from standing on the Rhine River. Our enemies understand this, and it is about time that we do.

Permanent partition is preferable, I think, to Communist enslavement of West Germany.

Assuming that our German policy is morally right and practically sound, as I believe it to be, we must persevere in it with the same tenacity with which the Communists pursue their evil program for world domination; that long, and then 1 day longer.

Some of those who are demanding a new policy argue that Russian policy is based on a feeling of insecurity and fear of attack. They contend that if we would scrap NATO, pull back our defenses, and enter into mutual security arrangements which recognize and acquiesce in permanent Moscow control of the captive nations of Eastern Europe, then Russia would cease its aggressive acts, and a new day of peace would dawn.

How can this be true? Who threatens Russia with attack? Can we believe that the Communist rulers, who are able to decipher our most carefully guarded scientific and military secrets, could be so completely deceived about this question? Of course not. They know that we will never attack. They know it from our history; from the traditional attitude of our people. They know it from every newspaper in this country, from every issue of the CONGRESSIONAL RECORD, from every statement that bears upon this subject by any official in the land, from the highest to the lowest.

The historical truth is that Russian policy is based, not on fear of attack, but on a planned deliberate policy of world Communist domination and complete extermination of all that we represent. Failure to grasp this is to miss the central fact of the world we live in.

Finally, there are those who contend that Russia is trying to force a solution of the German problem, because it fears another Hungarian-type revolt in Eastern Germany. This is an interesting thesis. Those who offer this argument contend that Russia fears such an uprising, because it would force Russia to make reprisals that might touch off world war III. Then they move on and conclude that Russia wishes to avoid this prospect and that we should help her avoid it by entering into agreements that would lessen the probability of revolts and, therefore, lessen the probability of general war.

This, at last, I think, brings us face to face with the basic issue of our foreign policy.

In my judgment, to make concessions which strengthen the Kremlin's hold over its enslaved peoples on the false assumption that we thus lessen the probability of general war is only to make certain a general war, one that we cannot win because we will have bartered away every position of strength from which to fight such a war.

One more concession may seriously sap the will of the enslaved peoples to resist. One more disaster may so shatter free-world confidence in our leadership that each ally will seek to save itself through some foredoomed accommodation with world communism.

Will we see a repetition of the 1930's, concerning which Winston Churchill said:

> Each one feeds its neighbor to the crocodile, hoping the crocodile will devour it last.

The problem of Berlin is, of course, the problem of all free peoples everywhere. If we fail in this, what hope is there for all of the enslaved peoples now held in subjugation behind the Iron Curtain. If the Communists, with their capacity for ruthless organization, ever gain control of the vast resources of Germany and add those resources, that technical know-how, that skilled manpower to their own great power, they would at that moment become superior to the free world in economic strength, in industrial might, in scientific capacity, and in military force. That is something to think about.

No; we must stand firm, doing everything we can honorably and peacefully do to stimulate the dissolution of the Russian Empire, confident that constant internal troubles, springing from man's thirst for freedom, will prevent Russia from launching world war III and will eventually force the Kremlin to grant concessions to its peoples that will mark a decisive step away from tyranny and toward freedom.

I say we should stand fast; persevere in the truth; make Russia solve its internal problems through concessions to its captive peoples, and not through free-world concessions to their Kremlin masters.

There are, in my judgment, four ways in which Communist tyranny can be pulled down.

It can be pulled down by an attack from the West, but we rule out that possibility, and rightly so.

It can be pulled down by violent revolution. But the example of Hitler and the example of previous attempts at revolution convince us that under present conditions there is no possibility for any such mass rebellion to be successful.

It can be pulled down, piece by piece, through the steady attrition of hundreds of millions of subjects who, in every way short of open and reckless rebellion, resist the evil philosophy that seeks to reduce them to mere beasts of burden.

And, finally, it can be pulled down by internecine warfare within the Communist high command, by a falling out of the thieves, which is made all the more

probable by reverses in the world and continued resistance at home.

The third and fourth approaches to the dissolution of Soviet tyranny provide the policy which I believe the free world ought to be pursuing.

How do we increase the will to resist of the captive peoples behind the Iron Curtain? How do we increase the likelihood of another split within the Communist high command?

Certainly we cannot accomplish these ends by making it easy for the Russians to get through this difficult period. We can advance these causes only by sticking to our principles in Berlin and by making it crystal clear that we are prepared to face whatever consequences may follow from our action.

For more than a decade we have been living in an era of Communist advance through the device of partition. We have divided Europe, a divided China, a divided Germany, a divided Korea, a divided Indochina.

The Chinese threat to Formosa and the Communist threat to West Berlin may signify that we have passed into a new era, one in which communism, having consolidated the gains made through partition, will now seek, through piecemeal aggression, to end partition and to make what is half free, all slave.

If that be true, we must meet this plot head on in Berlin.

To the end that the United States may approach this crisis united and determined to stand firm on basic principles, I submitted a resolution a week ago today. The resolution lists six basic principles upon which there is preponderant agreement, and from which there can be no retreat.

These principles are their own best explanation, and I should like to read them now:

(1) No plan or treaty calling for German reunification is acceptable which does not provide for a free government, ultimately freely selected by the people of West and East Germany.

(2) Until an acceptable settlement of the German reunification problem is achieved, the continued presence of Western troops in West Berlin, which has proved agreeable to the German people, is under present conditions essential.

(3) The interests of the free world and of the German people are better served by a free West Germany within the Western Community than by a superficially reunited Germany afflicted with a Communist East Germany.

(4) No plan of German reunification or confederation is acceptable which would join a free democratic West Germany with a slave Communist East Germany, except through the free choice of the peoples of West Germany and East Germany.

(5) Whoever may be in nominal control of East Germany, the United States should enforce its right of free access to West Berlin, in concert with its allies, by whatever means necessary.

(6) Recognition can only be accorded to an East German Government which is truly independent and truly representative of the wishes of the people of East Germany.

Mr. President, I believe that this resolution provides an expression of support for the policies of the President and Secretary of State that is needed and deserved, and that will strengthen their hand in these difficult days and in coming months.

My friend and colleague the Senator from New York [Mr. JAVITS] submitted a week ago today another resolution which I commend to all. I was particularly impressed by his suggestion that there be appointed a group of Senators who personally would bring the encouragement of the United States Senate to the people of West Berlin, and who would be in West Berlin on May 27, as an unmistakable symbol of our determination to stand by our pledges.

Mr. President, the hour is late. Our friends in Europe already are discouraged by our appearance of division and vacillation. The dismayed reaction of West Germany's Adenauer and Brandt, of France's Poncet, of Belgium's Spaak, and of other stanch friends in Europe indicate the danger of this appearance of division in the face of the Communist ultimatum.

I ask, Mr. President, with all urgency, that the Senate Foreign Relations Committee promptly consider my resolution or Senator JAVITS's resolution, or that it submit its own resolution, expressing the unity and determination of the American people to stand fast in Berlin. I believe it important that we do this now. I beg my colleagues in the Senate to act favorably and without delay.

Mr. President, I have not always agreed with our Secretary of State, Mr. Dulles. But I have always been thankful that this great man understood the essential nature of the conflict of our time. Mr. Dulles sees this conflict as a great moral struggle between the forces of good and the forces of evil. He has had the courage to describe it as such and to treat it as such in his official acts. This significant fact, more than any other, explains his impact upon world affairs and the sense of loss all of us feel at his tragic illness.

We live in an age so poisoned with the false doctrine of secularism and materialism that even God-fearing men seem strangely embarrassed and ashamed to acknowledge publicly the role of morality in international relations. John Foster Dulles deserves the gratitude of mankind, because he based his policies on moral ground; and because he has, through the example of his dedication and self-sacrifice, become a living symbol of a foreign policy that is morally right.

Abraham Lincoln believed that the Civil War was an inevitable consequence of the perpetuation of, and acquiescence in, the injustice of slavery, by both North and South.

Lincoln believed, and so stated again and again in his state papers, that continued and unredeemed violations of God's moral law led inexorably to catastrophe. If the continued acceptance of slavery for millions resulted in a terrible Civil War, what will be the result of the continued acceptances of slavery for hundreds of millions?

The Berlin question is more than a question of policy, of diplomacy, or of military posture. It poses an inescapable moral question.

With respect to almost every nation that has fallen victim to Communist aggression, there was one point in time, one occasion, when a courageous and vigorous free world policy based on the unselfish application of moral principles could have prevented Communist aggression.

That point in time for the Ukraine was 40 years ago. For Poland it was 13 years ago. For China it was 10 years ago. For Indochina it was 5 years ago. For Germany it is today.

This may be our last chance to redeem our past errors. In a record filled with failures, compromises, and concessions that spelled slavery for millions of people, we have preserved one last outpost of freedom within the Communist slave empire.

That outpost is West Berlin. It must never be surrendered.

It may be that the Soviet tyrants mean what they say this time, and that our devotion to freedom and our determination to protect our own security is now faced with the supreme and ultimate test.

If that is true, this is no time to reexamine our principles. Our principles are right principles and need, not reexamination, but reaffirmation. It is our state of national preparedness which must be reexamined. Mr. President, I think we should embark today upon a 90-day program of the utmost urgency that will prepare the American people, the American economy, and the American defenses for whatever demands that may be made upon them.

If we are in fact facing the ultimate test, let us approach May 27 not as a divided people, seeking ways to avoid our responsibility, asking ourselves if the price of freedom is too high, resentful of our fate.

Let us, rather, approach this date as a united America, proud of our ideals and traditions, conscious of our great mission in the world, and confident that if we but act aright, the hand of God will sustain us to the ultimate victory.

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

Mr. DODD. I am happy to yield to the Senator from Ohio.

Mr. LAUSCHE. Mr. President, I desire to express my commendation of the Senator from Connecticut [Mr. DODD] for this courageous and masterly analysis of the problem confronting the people of our country.

I read the prepared talk, which he has now made, before I came to the Senate Chamber. I vibrated with inspiration in the knowledge that he was intending to deliver it to the Senate and to the people of the United States.

The Senator from Connecticut asked the question, "Have we forgotten the lessons of the Hitler era, with its compromises, concessions, and flexibilities?"

I think that admonition is one which ought to be taken to heart by all American people. Have we forgotten the tragic course that was followed in Europe as Hitler made his advance from the tavern floor to the dictator in charge of the world? I have assembled some material, and, if I may, I should like to get it into the RECORD.

First. Hitler, in building his great strength, began by taking Germany out of the League of Nations on the pretext that the nations at whose hands Germany was created had failed to disarm, while it was compelled to do so.

Second. Despite the terms of the Treaty of Versailles, he reintroduced conscription and proceeded to create 35 divisions of armed forces.

Third. He repudiated the Locarno Pact of 1925, under which defeated Germany had agreed that any disputes with Belgium, Czechoslovakia, France, and Poland would be arbitrated.

Fourth. In violation of the Versailles Treaty, he sent Nazi troops to occupy the demilitarized portions of Germany west of the Rhine.

He at that time half expected that this move would be opposed by French and British military forces. He instructed his commanders that if they were opposed, they should retire rather than oppose the interference to which they were to be subjected. But the interposition did not arise. They allowed Hitler to move in.

Fifth. In 1938, when Hitler was visited by the Austrian Chancellor, the Austrian official was confronted with a brutal series of demands, which finally, abjectly, he accepted. Later, he wanted those demands submitted to a plebiscite of his Austrian people. It was too late; Hitler marched in.

There went Austria.

Sixth. In September 1938, he demanded and obtained the Czechoslovakia Sudetenland. There was an inglorious agreement, signed by Great Britain, France, Germany, and Italy, at Munich. It gave Hitler all that he demanded.

By March 1939 Czechoslovakia became a protectorate, wholly occupied by Nazi troops.

Seventh. In the middle of 1938, Hitler demanded and obtained from Lithuania the city of Memel and its surroundings.

Eighth. Then came Poland. In spite of the nonaggression pact signed in 1934, Hitler denounced that pact, demanded the city of Danzig and a German-controlled highway across the Polish Corridor to East Prussia.

Then, let us not forget Mussolini in Ethiopia, in Albania, and in Greece.

On April 7, 1939, Mussolini invaded Albania. The crown was taken from the King of Albania and given to King Victor Emmanuel.

Previously in 1935, Mussolini attacked Ethiopia. The entire world was shocked by the unscrupulous and unjustified assault on that ancient people, so ill prepared to defend themselves.

Finally, on November 28, 1940, Mussolini attacked the Greeks.

Appeasement, concession, and yielding achieved nothing.

It is for these reasons that I say to the Senator from Connecticut that he has delivered an invaluable message to the people of our country reminding them that they will never appease the Communists. The Communists want to communize the world. They will do it by whatever tactics are necessary.

I am now of the belief that they want some sort of a coalition government in Berlin, but they want that government surrounded by Communists, and when that government is created the next thing will be the complete absorption of it by the Communists. The time has come to quit conceding on basic principles.

We should negotiate. I know the Senator from Connecticut feels implicitly in that proposition.

I should like to ask the Senator from Connecticut at this time to state his views on this matter of negotiation, since the Senator mentions that point.

Mr. DODD. I thank the Senator from Ohio for his compliments and gracious remarks, as well as for his contribution in drawing the analogy between the conditions in the world at the time of the Hitler era and the conditions now.

Of course I believe in negotiating. I think we ought to try all the time to talk to these people and to negotiate a settlement. We should never stop trying, but we should always make the effort in conformity with these basic, right principles. That is the only way negotiation can be successful. If we go to a negotiation with the idea of backing down on these fundamental things, we might as well stay at home.

Negotiation based on proper grounds and on firm premises is one thing. On other grounds it is something else.

There is always an area where one can give and take. For example, I think it has been suggested by the distinguished Senator from Montana that we could make some arrangements or some accommodations about commerce and public facilities—and there are probably other things. I would be in favor of all that. We ought to try to do it. We all owe the Senator from Montana, I think, a debt of gratitude for making the suggestion.

All I wanted to do today, was to suggest that we do have a basic and common area of agreement in this country. There is no real division in this body. There is no real division in the Congress, or between the Congress and the administration, or, indeed, among the administration and the Congress and the American people and our allies. There is no real division. There is only the appearance of division. That is why I made these remarks today. I hope they will be so understood.

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

Mr. DODD. I yield.

Mr. KENNEDY. I should like to congratulate the Senator for a most effective speech. I know that since the Senator took part in the Nuremberg trials he has been a student of Germany and of our policy in Germany.

As I look at page 3 of the Senator's remarks, it seems to me the Senator is not taking a position against all negotiation, or even against being willing to consider substantive questions during negotiations.

Mr. DODD. The Senator is correct.

Mr. KENNEDY. The Senator is merely stating precisely that the position in Berlin cannot be negotiated, and that our position on free elections cannot be negotiated. As I understand the Senator, he is not suggesting it would not be possible under some circumstances to debate the kinds of armaments and the sizes of armaments which might be stationed in West Germany, for example.

I think the Senator has rendered a service in an attempt to distinguish areas in which it is possible to negotiate as opposed to those areas in which it is not possible to negotiate.

Mr. DODD. The Senator is absolutely correct, and that is what I was trying to do. Of course, I would not find fault with negotiations.

I believe that at a press conference the Secretary of State was asked if free elections were the only way Germany could be reunited, and if I recall correctly, he said it was "not the only way." What he meant, I think, although I do not know that he spelled it out, was that within the framework of the principle of free elections the form would not be of decisive importance. I feel that way, also.

Mr. KENNEDY. The position which the Senator takes and the position which Mr. Khrushchev took this week of course run completely athwart each other. I think there is an indication that a climax is going to be reached in our relations with the Soviet Union in the spring. The fact that the Senator from Connecticut, after long study, has attempted to make precise his position, which is the position of at least some other Senators on his side of the aisle, is of value. It does indicate one side or the other is going to have to give way on the basic question of Berlin in the spring.

So long as we take a position which is so diametrically opposed to that of the Soviet Union, and their position is so hard and fast, at least as demonstrated in the public remarks of Mr. Khrushchev, some preparation will have to be made for supporting the position, if it is put to the ultimate test. What seems to me unfortunate is that we take the hard and fast position but do not indicate our determination and our willingness to support that position if our ability to do so is put to a military test. I think that will have to have somewhat of a strengthening. There will be a need for a call for increased military posture, as a part of the hard position on these basic and fundamental questions.

Mr. DODD. I think the Senator is correct. That is why I said we ought to embark on a 90-day crash program. That is how I describe it. I think the danger is quite imminent, and the times are very critical. I think it is a pity that the people of this country have not been made to understand that we stand in just such a dangerous situation and we should reexamine our defenses. We should get ready for what may be a tragedy, which we all hope and pray will not eventuate.

Mr. KENNEDY. I congratulate the Senator on his speech.

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

Mr. DODD. I am happy to yield to the Senator from Arkansas.

Mr. FULBRIGHT. I should like to commend the Senator for a very thoughtful speech. The Senator covered a great deal of material, and I find

myself in agreement with much of what the Senator has said.

Before I ask the Senator about one or two other aspects of his remarks, I should like to ask a question concerning the last point made.

The Senator is recommending an increase in our defenses. The Senator well knows, of course, that is contrary to the course on which we are proceeding now—against the expressed will of this body or of the Congress as a whole—since there is now taking place a decrease in the number of personnel in our Army. Is that correct?

Mr. DODD. Yes, I know that; and I lament it.

Mr. FULBRIGHT. I lament it, also. According to the press, there is also contemplated in the current budget now under consideration, a decrease in the expenditure for missiles, I believe.

Mr. DODD. Yes.

Mr. FULBRIGHT. That is quite a large amount. The truth of the matter is that the administration not only is not holding its own, but it is going in the opposite direction to that which the Senator is recommending.

Mr. DODD. I think that is so, and it distresses me deeply. I am sure it distresses the Senator from Arkansas as well.

Mr. FULBRIGHT. It does. I, with a delegation, have been to the Pentagon to confer with the Secretary of the Army only recently, in order to urge him, with all the persuasion I posses, at least not to proceed with the announced reduction in the Army, from I believe 900,000 to 870,000.

Mr. DODD. That seems important to me.

Mr. FULBRIGHT. There is one thing the Senator said which disturbed me. The Senator referred to something I wish I could have a more firm conviction about, when he said at one point that we are lamentably or completely unprepared.

Mr. DODD. Tragically unprepared.

Mr. FULBRIGHT. Tragically unprepared for any outbreak. I hope that is not so, as of now. I have thought, of course, that it was not. I am not an expert in military affairs. I do not serve on the committee which deals with that subject.

I had assumed that our President, being above all else a miltary man, surely had not permitted such a condition to exist as of now. I had interpreted many criticisms to mean that if we did not do something different, and if we did not change our present policies, such a condition would arise in the future—in 1961 or 1962 or 1963. I hope that statement of the Senator is not correct; I do not know.

Mr. DODD. I meant the statement in a wider sense. I meant that I do not believe this country is prepared in the sense of the people being prepared. From what I hear every day on the street, talking to friends and neighbors, people seem to be going along, somehow pushing this matter aside or not thinking about it at all, not really aware of this grave danger. I do not believe they realize that we are as near as we are to the threshold of a possibly great disaster. That is what I mean.

Mr. FULBRIGHT. I am very glad to have that clarification, not only for our benefit, but for the benefit of the Russians. The Senator is not intending to say that he believes that our actual military power at the moment is tragically inadequate.

Mr. DODD. No.

Mr. FULBRIGHT. The Senator means that the people of the country are not psychologically prepared for such an emergency, and that they are not acting as though they were confronted with an emergency, or probable emergency. The Senator means that we do not conduct ourselves with the proper discipline and devotion to improvement. Is that correct?

Mr. DODD. That is correct. I do not know enough about the state of our defenses. Like the Senator from Arkansas, I accept the fact that at all times we are in a state of preparation for whatever may come.

Mr. FULBRIGHT. I am very glad to have that statement in the RECORD. I do not want the Russians to believe that we are so weak that we could not give a good account of ourselves by May 27.

Mr. DODD. The Senator is correct.

Mr. FULBRIGHT. I think that point should be made very clear, in order that we may not add fuel to such a misunderstanding.

Mr. DODD. I quite agree. Such an attitude is the kind of thing which might encourage the Russians to acts of aggression.

Mr. FULBRIGHT. That is correct.

Mr. O'MAHONEY. Mr. President, will the Senator yield to me for a moment?

Mr. DODD. I yield.

ASKS EXECUTIVE COOPERATION IN PRESERVING DOMESTIC OIL AND COAL INDUSTRIES

Mr. O'MAHONEY. Perhaps I could say something which bears out the position the Senator from Connecticut has taken.

I am pleased beyond words that he has delivered this masterful speech. I think the country needs it. However, an illustration of the lack of preparedness, in which this country now finds itself, is plainly before us in the indecision in which we are at present involved with respect to the importation from abroad of petroleum and petroleum products, including residual fuel.

In 1955 the Congress passed an amendment to the Reciprocal Trade Agreements Extension Act by which the President was given authority, when he found that the national security of the United States was threatened, to impose certain restrictions upon the importation of any commodity. The immediate result was a declaration by the Office of Defense Mobilization that the national security was threatened by the importation of petroleum.

VOLUNTARY IMPORT RESTRICTIONS FAILED

Accordingly, the President issued a restraining order, which was called a voluntary agreement. That voluntary agreement did not prove successful; and, on the initiative of the Administration, it was altered. Still it did not prove successful. There was no practical limitation upon the importation of petroleum products, so gasoline was coming in; also, residual oil fuel was coming in, displacing coal and creating unemployment in many coal-producing areas of the country, particularly in West Virginia.

OUR SECURITY IS THREATENED

All this was happening by reason of a complete failure to realize that many of the German leaders and the German people were convinced that they lost the war, even before the intervention of the United States, because they did not have within their own borders the sources of fuel and energy supplies. There were no petroleum deposits within the boundaries of Germany. The Germans had to obtain coal from other areas. They made great progress with synthetic fuels, but that was not enough. The V-bombs which the Hitlerites had developed could not penetrate to England and France in sufficient quantity because of the lack of fuel to carry them.

Within a few weeks past the Department of Defense and the Department of State have called upon the division of government headed by Mr. Leo Hoegh to render a judgment again as to whether or not the national defense is threatened by these importations.

I think there is no doubt about the fact that the national defense is threatened, because in the United States today there are producing wells capable of an output of 3 million barrels of oil a day, which are shut in because of importations. If, in the light of the crisis which now exists in Berlin, a challenge comes to the West at the end of May, we shall find ourselves in the same position in which Germany was, because we shall not have readily available domestic sources of energy, although we have the deposits within our borders. Time will be required to develop them. The intercontinental ballistic missile in the hands of the Russians at this moment can be fired so speedily that we shall not have the time to prepare as we had in World War I and World War II. At that time this Nation was protected by the Atlantic and Pacific Oceans, so we had plenty of time to prepare. We have no such time now.

I believe that the message which the Senator from Connecticut has delivered today constitutes a great public service.

LEGISLATION PROPOSED TO SOLVE PROBLEM

Let me add that this week, in both the Senate and the House, bills were introduced to provide for the immediate stimulation of the development of our resources of petroleum and petroleum products. Both of the administration's so-called voluntary programs of restraint upon importations which throttle American development have failed, and the Government is finding itself opposed by two really powerful arguments with respect to such restrictions.

The so-called voluntary agreements, according to the opinions of able lawyers in and out of the Government, are said to be violations of the Sherman Act. Mandatory controls by Executive order, according to written opinions prepared by the legal staffs of some of the great

importing oil companies, are said to be subject to injunction, because it is alleged that there is no power in the President to make mandatory controls workable, and lawsuits are threatened.

TELEGRAM SENT TO SECRETARY STRAUSS

Yesterday, Mr. President—and I think it is vital that this message should be made a part of the RECORD—I sent a telegram to the Honorable Lewis L. Strauss, Secretary of Commerce. Mr. Strauss is head of the President's Committee on Fuel Resources, which is at present working to try to find a substitute for the orders now in existence.

My position is that an effective substitute cannot be prepared unless it is done by legislation. So I have invited the Executive to join with the Congress in finding a solution to this problem of oil imports, in these words:

While Prime Minister Macmillan was sightseeing in Moscow yesterday the Soviet dictator shocked him and all the Western allies by the restatement of Khrushchev's threat that any violation of the borders of East Germany would be regarded by the Soviet Union "as the beginning of war." The Soviet troops leave Berlin before the end of May. We must be ready for the consequences. If war comes we must have a self-sufficient supply of petroleum and coal in full development. Mandatory controls can be successfully imposed only by Congress. I invite you, as Chairman of the President's Cabinet Committee dealing with this matter, to cooperate with the Members of Congress who sponsor the legislation introduced this week in both the Senate and the House "to encourage the development of petroleum and coal reserves within the United States."

MESSAGE OF SENATOR FROM CONNECTICUT WILL HELP ALERT NATION TO CRISIS

I say to the Senator from Connecticut that in my judgment his message, so eloquently and forcefully delivered, will have a great effect in alerting the people of the United States to the realities of the crisis which confronts us. The President of the United States has said, in words which are not subject to misunderstanding, that the United States will not move out of Berlin and will not sacrifice the rightful position it has taken in defense of West Berlin. We are the defenders of liberty, but liberty with justice. The Communists do not believe in human liberty, because they believe every human being is merely an instrument to be used by the state. The objective which the Communists have in mind, to gain Communist control of the world, means that they are intent upon imposing a dictatorial government all over the world. That we cannot endure. The Senator from Connecticut has made a wonderful contribution to the understanding of the problem.

Mr. DODD. I thank the Senator from Wyoming for his contribution.

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

Mr. DODD. I yield.

Mr. FULBRIGHT. I shall try not to detain the Senator or the Senate very long. He has already clarified at least one point to my satisfaction. There are one or two other points about which I wish to ask him. First, I should like to say that I agree with the distinguished Senator with regard to standing firm, as he put it, for our rights in Berlin itself, and that we should not agree to move out, or move out without an agreement, and so on. With that I agree. I was going a little further; namely, with respect to the prospect for the future.

I do not know that these points are so important, but there are one or two which I thought might help to clarify the situation. I believe the Senator at one point said there are those who think that if we could understand the Russians and if they could understand us, that might be of some benefit, or might contribute to a solution of the problem, but the Senator from Connecticut thought that that was insipid, sentimental, or something to that effect.

Mr. DODD. I think it is, as applied to our present predicament. Of course, I am speaking in the entire context of my remarks. I am speaking about those who say we can resolve our problems by simply making more efforts to understand the Russians and getting them to understand us. Those people make such statements apparently in the belief that we do not have any deep seated differences with Russia, and that we could settle all the problems of peace and war if only we could get to understand each other.

My point is that the Russians do understand us very well. The only thing which really matters, with respect to the question of peace and war, so far as they are concerned, is that the United States is not a war-making people. Actually we are a peace-loving people.

The American people will not start war or make an attack on the Russians or anyone else in the world. The Russians know it, and there is no need for any more understanding in that respect. That was what I said, and I meant it. I still think I am right.

Mr. FULBRIGHT. If I may, I should like to clarify the full implications of the Senator's statement. I think it might be misunderstood.

Mr. DODD. It might be. It should not be.

Mr. FULBRIGHT. It might be misunderstood in such a way as to hold out no hope at all for the future. The thought which the Senator expressed, coupled with the expression that this is a moral issue, means, I take it, that political implications are secondary, and that this is a moral issue, and that evil is all that is involved. In that case, I think there is no hope whatever for any kind of adjustment or compromise, and therefore we must reconcile ourselves to inevitable war.

Mr. DODD. No.

Mr. FULBRIGHT. Let me finish my comment. In addition, I think the Senator said he thought the War between the States was an inevitable war. I have never believed it was inevitable. I think it was the result of the failure of statesmanship. I think some hotheads got hold of the situation. I confess that some of them were in my part of the country. But I do not accept the principle that it was an inevitable war.

Neither can I accept the proposal that war with Russia is inevitable. I admit that we have difficulties. So far as I am concerned, I should like to proceed on the premise that it is possible to find some adjustment in time. I confess that I do not see any great prospect of it immediately. On the other hand, I think that is an assumption on which we should proceed. I find it rather difficult to reconcile such an assumption with the Senator's assumption that this whole struggle is strictly a contest between good and evil.

I think there are some things to be said from the point of view of Russia, although I certainly do not accept their policies. I think they are in error. What we must have in mind and what we must not forget is that Russia was very badly mauled by Germany. I can understand how Russia would have a little different point of view about the reunification of Germany, without safeguards, from what we would have.

The Senator assumes our good intentions. I do too. But I can understand, after the great demonstration of military power that we gave on two occasions, how Russia might think the bases just off the edge of her whole empire might possibly, under some circumstances, be a threat to her. I do not think they are. I think Russia is wrong in saying so.

This leads to the last point I am trying to make.

It might be a mistake to say that there is no hope rising of a better understanding between the peoples of Russia and of this country. I myself believe there is hope. I believe that today the people of Russia, as distinguished from their regime, are not determined to destroy America. The resources of Russia are so great that, given a reasonable chance, the people of Russia will exercise an influence upon the regime, not immediately, not even probably in my lifetime. But this is the basic assumption on which we should proceed.

One point which I think needs clarification is this. I do not like to hear the Senator, if he did intend to do so, announce the principle that he sees no hope through a better understanding. He sees no hope, I assume, in an exchange of persons back and forth; but that this is simply a matter of good and evil, and until Russia changes completely the character of her whole society and her approach, there is no hope of adjustment.

I agree, of course, that ours is a superior society. We believe we are more right than the Russians are. But I am reluctant to base my belief on that basis, because there is an absoluteness about it which admits of no compromise.

I made some criticism of some domestic policies when the Secretary of Agriculture said that the support program was immoral. I say that is not right. He may say it is wrong or unwise. Thus the Senator may say that the Russians are wrong or unwise. But if it is a moral concept, then we are not justified in seeking any kind of accommodation, as I see it.

Mr. DODD. I had not thought anyone would be confused by what I said with respect to understanding. I never said at any time, as I think the RECORD will show, that I thought we should not try to understand the Russian people or try to have them understand us. I am talking about the men who hold the millions

of Russians in their hands, and about those who say that if we could only understand them, or the Russians could only understand us, all our differences would be resolved. The Senator knows there is a distinction.

I favor as many exchanges as we can honorably carry on with the Russians in culture and trade. We are doing those things now. I am in favor of that. I say we should continue to try to talk with them. Right here I should like to answer another point which the Senator from Arkansas has brought out.

I think I understood him to say that, as I posed it, we are the good side, and the Russians are the evil side, and therefore, as the Senator from Arkansas understood me, there is no possibility of a settlement. I do not agree with that. All our lives we fight, most of us, for the things which are right and good. We do not give up, and we do not do violence to those who oppose. We try always to convince those who are among them. There is always hope that the Russians will change. That is the first reason for continuing negotiations. If we are as right as we think we are, then so long as we can hold off war and violence, without appeasement, so long as we can continue to talk to them and try to convince them, if we can, of the rectitude of our way, of course, we should do it.

The situation I posed, particularly with respect to Secretary Dulles, is that he does understand deeply that our cause is the good cause. I do not think I need to labor that oar very heavily in this body. But the Russian cause, the cause of murder, enslavement, aggression, and falsehood is not the good cause. That is what I had in mind when I discussed good and evil. It was in the context which I think the Secretary of State has discussed it. It does not mean that we should not try to convince the Russians. Of course, we should. But the purpose for which I speak principally today is to point out that a lot of mumbo-jumbo and mental mush about rigidity and inflexibility and misunderstanding will never help us, as we face this critical hour.

What we need to say, as American people, and say in unmistakably clear terms, is that we are right. We must tell the Russians why we cannot surrender Berlin. Let us not talk about standing firm, and then in mushy, soft words, say that on some basis, somewhere, somehow we will do something other than stand fast until there are free and fair elections in that area.

Mr. FULBRIGHT. I think the Senator from Connecticut has contributed very substantially to a clarification of the RECORD and the thought I had. I agree with what he has said about what is good and bad concerning the things he mentioned. There is no question in my mind that the murders he mentioned and the policies pursued by Mr. Stalin throughout that period were bad. I do not see any possibility of any change in my opinion or that of anyone else in that connection.

But when we talk about the cause of the Russian people and the cause of their nation, we have already noticed some slight change in the character of this regime over the last one. They have at last, up to now, abandoned the extreme form of terror, which is all to the good.

Within that regime there are some modifications.

I am suggesting that for the future—not with regard to Berlin itself now—we should be careful not to make assumptions or to get into a habit of thought which would exclude the possibility not only of changes in the present regime, as such, but also the possibility of changes in the successor to Khrushchev, and in the successor to that one. It would be well for the desires and for the welfare of the Russian people to have a less aggressive regime and policy there. Therefore, it will be well for us to stand fast and to adopt, here at home, wise policies which will justify our belief in our democratic system, and thus will offer some possibility of a basis for action. I want the RECORD to show clearly that I believe we should have that basic policy.

Mr. DODD. I thank the Senator from Arkansas.

Mr. President, all of us believe that our best hope with regard to the Russian question is to pursue the course we are advocating today, and not to make concessions or to back down. I think the more difficult it is for the masters of the Russian people to perpetrate more murder and more slavery and more aggression in the world, the more difficult it will be for them to keep under their hands the masses of people who today are behind the Iron Curtain. That is why I said this is one of the ways the leaders of Soviet Russia may be pulled down. I am sure the thinking people in Russia—the intellectuals, the scientists, the artists and the writers, in that great country, and there must be great numbers of them—will demand freedom. So this is one of our best hopes.

But we shall not help them by kowtowing, either on this issue or on any other basic issue, to the dictates and the threats of Khrushchev and those associated with him. If we back down on this issue, we shall retard the movement for freedom inside Russia.

Mr. FULBRIGHT. I agree with the Senator from Connecticut with regard to Berlin; I am not questioning that at all.

I shall desist after I make one other observation namely, with regard to whether there is any hope, in the long-time future, with regard to the aggressiveness of Soviet Russia. I believe we should give the Russian people credit, as a nation, for the fact that for a long period of time, except during the last period and during the past war—in fact, for more than 500 years—they have not been quick to challenge in any serious way a major power, in an outright war—for instance, in the same fashion that Germany or Napoleon or others have done. Although the Russian people are now under the influence of a leadership which today is quite provocative, yet there is reason to hope that if that regime can be changed, the people of Russia would be disposed to support a regime which would govern them without challenging us or anyone else. That is my belief.

Mr. DODD. I believe that, too. I believe that was just as true of the German people. I believe that one of the great tragedies of our generation was the fact that the people of Germany were so greatly misled and were whipped into tyranny in their own country and into aggression outside their own land. The German people are good, as the Russian people and as all people are. But the Russian people are prisoners like the Germans were.

As the Senator from Ohio has indicated, a tragic parallel exists between our present plight and that of the 1930's and 1940's.

Mr. FULBRIGHT. I thank the Senator from Connecticut.

Mr. DODD. I think the people of Germany and Russia are like people everywhere else: They want to raise their families in peace and live out their lives in peace just as we do. I have never entertained any other view.

Mr. McGEE. Mr. President, will the Senator from Connecticut yield to me?

The PRESIDING OFFICER (Mr. MUSKIE in the chair). Does the Senator from Connecticut yield to the Senator from Wyoming?

Mr. DODD. I yield.

Mr. McGEE. I should like to say a word in behalf of the freshman class of Senators—namely, to express our pride in our colleague, the Senator from Connecticut. I hope the rest of the Senate will join me in this expression. We are proud of the Senator from Connecticut for the contribution he has made here this afternoon, in regard to the very difficult question of Germany.

I could not take my seat without commenting for a moment on the question of Germany. I think the nub of the explanation regarding the difference between the position of the Senator from Arkansas and that of the Senator from Connecticut is to be found in one central fact which perhaps has been omitted from the debate this afternoon in regard to the German question. That is that this is not only a question between the Soviet Union and the people of the United States, or even the peoples of the Western World; it is not alone a question between tyranny and democracy, or one as to the differences between the peoples of the Soviet satellites and our own people. The fact is that we are also being watched by peoples around the world. I think it well that when we are focusing our attention on freedom, we remember that the world is round; that many things that have nothing to do with either Germany or Russia are occurring; and that many things which are happening will not be influenced by the situation in Berlin. For that reason, we should be aware of what is happening to us both in regard to Berlin and our policy regarding it, and in regard to our foreign policy generally.

The Senator from Connecticut has rightly applauded our stand on the basic principle of holding in Berlin. But I believe the trouble with our policy is that it has not gone far enough, and we have

permitted the Communists of Russia to manipulate our policy in Berlin in such a way as to put us in an unfavorable position in the eyes of the rest of the world.

Personally, I resent our having been manipulated into an unfavorable position, when our position fundamentally is right and proper and strong. I think the trouble is that we have failed to take a position which would enable us to maintain the initiative over a tyrannical power which admittedly has a strong position in Berlin. We have failed to put to a test the Russian proposals regarding Berlin. I believe that is what the Senator had in mind. I believe we have failed to exploit what the Senator from Connecticut has described as the right faith in our point of view.

If we really have that faith, and if we really believe in our position, then we should be willing to expose that of the Russians in regard to Berlin, because in doing so we then shall capture the imagination of the peoples of Africa and the imagination of the peoples of Asia. All of them are watching every move we make. It seems to me that it is most important that in recovering the initiative—as we may well be able to do in Berlin—we also recover a little bit of the inspiration of many peoples around the globe. I think that is the whole sore point in connection with the German question.

It is not that there is anything wrong with the administration's position. It is simply that it has not gone far enough, and that we have lost the initiative.

I do not use carelessly the word "initiative." I know that a criminal may have a great deal more initiative to break a law than some policeman may have to enforce it; and I know that the irresponsible masters of the Kremlin have a built-in initiative that is very great, indeed. But I believe we should take one step further the position of the Senator from Connecticut—namely, we should show how we can capitalize on our strength in carrying the ball.

The Senator's suggestion was that we shall have to watch for the decline or the disintegration of the Russian system in one of four possible ways: Either, first, warfare—which we will not undertake; or, second, rebellion—which is not likely to happen; or, third, attrition from within; or, finally, a falling out among the thieves.

But I believe the Senator from Connecticut has failed to mention a fifth possibility, which probably is the way in which we may see these differences resolved. Those differences were dealt with in part by the Senator from Arkansas, when he spoke of change.

Mr. President, if Karl Marx were alive today, he would not recognize as his own "baby" the Soviet Union. The forces of change are taking great toll there, even now. We do not know exactly what changes are occurring; we cannot predict the direction of the changes. But the point is that there is change. If our fundamental foreign-policy position has one premise, it is that if we only remain strong, if we only persevere, some day there will be such a change.

This afternoon my plea is that we continue to probe the wall that separates us; that we always stand ready to capitalize on such a change, the moment that there is a new opening which might play into our hands. I believe we have been failing to do that up until now.

So I would stress that addition to the admirable picture the Senator from Connecticut has painted this afternoon in regard to the German question, because Germany is not all there is to the world. Mr. President, history will show us that there are other forces besides the Germans or the Russians. Who knows what may be the combination of powerful political forces 5, 10, or 20 years from now?

We have to remain adaptable to this continued force of war. History—and I pose as one who taught that subject for a long time—is an excellent guidepost, but a very poor hitching post. I think we might realize that as the history of our time.

Mr. DODD. I thank the Senator. I should like to have cleared up a couple of questions which have arisen in my mind respecting the words of the Senator from Wyoming that we might have moved with more initiative in the last decade.

Mr. McGEE. In the last decade on the German question?

Mr. DODD. Yes.

Mr. McGEE. Let us go back to a shorter period than that period of time, say the last 10 or 20 weeks. I think when the Russians presented their little bombshell of a few months ago, in regard to the deadline in Germany, we might have pressed them, at the discussion level, as to the method by which they were proposing to turn this problem over to the Communists in East Berlin, and methods of reunification that would be more in accord with acceptable standards. Instead, we closed the gate. We refused to discuss the question with them. For that reason I think we contributed to the loss of initiative on our part.

Mr. DODD. I was under the impression that we had indicated we were willing at all times to discuss the question. We have suggested a conference of foreign ministers at which East and West Germans would be present.

I agree with the Senator that we should always look for an opportunity to exercise initiative. I do not assert that has always been done. But I ask my question earnestly, and I search my own recollection, and I try to understand these things. I think it is easy to say that we should seize the initiative and that we should do more than we are doing; but, in fairness, I do not really know what we could have done in that respect, except, as the Senator from Wyoming has pointed out, look all the time for opportunities.

I say again I think we have done as much as we can do. And what have we been met with? Yesterday the Russians stated that they will not participate in a foreign ministers' meeting. They will not talk about anything. They will make no concessions. There is no flexibility there. So I do not know any place where there is really an opportunity, except one, which does occur to me as I speak.

I have always lamented and regretted an omission on our part at the time of the tragic Hungarian revolt, when there was a period of several days intervening between the outbreak of the revolt and the crushing of it by the Soviet armed forces. I thought then that the United States should have taken the lead in proposing that a special United Nations commission be flown into Budapest. I do not know whether it would have made any difference. Who can know? But I am sure it is the kind of thing the Senator from Wyoming is thinking of. In that respect, I would have to say "Yes." I am not saying "No" at all to anything he has said. What I have said is more in the nature of an inquiry rather than a statement. I am grateful to the Senator.

Mr. McGEE. Let me say, in answer to the question of the Senator, reflecting on the fact that we are discussing this question today, the fact that we feel compelled to air the German question, the fact that a good deal of the press of the world is raising the question, the fact that some views of the American position have been called to the frontline, however sincere and compelling our position may have been in our own minds, we have failed to get that position across in the minds of others. We have dealt with the question, rather, as though what we believe to be our own view, or what may be truth, if there is such a thing as absolute truth, is more important. We have failed to state our position with the confidence of our strength and belief to the rest of the world, which has cost us a good deal of our standing around the world.

Mr. DODD. I thank the Senator.

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

Mr. DODD. Yes.

Mr. COOPER. As one Senator on the minority side, I want to commend the junior Senator from Connecticut [Mr. DODD] for the contribution he has made today to the debate on Berlin.

I was much interested in his insistence to the effect that our policy in Berlin be based on a moral position. I think it is. But I believe it can be stated in another way—that is, that our position on Berlin is premised upon the basic idea that we will not permit the problem to be resolved under the threat of force, or by force. That is a basic principle of American policy in international relations.

It has sometimes been said that Mr. Dulles has spoken of problems such as Berlin purely on the basis of what is right and what is wrong. I am glad that the Secretary is moved by moral principles. As I have said, our policy that the Berlin questions and other international disputes ought not to be resolved by force or threat is a moral position. That was the position of Mr. Dulles at the time of the Suez affair in 1956. I do not think the Congress was very clear about its position that time. I do not think the press was very clear about the question. I think we were muddled a bit as to whether it was right to "desert our friends" or right to stand against the use of force, even the use of force by others. But Mr. Dulles understood that

the United States must stand on the principle that the Suez dispute should not be resolved by force.

I understand that this is the position of the Senator from Connecticut, and I concur in what he has said. I rose to comment on the speech of the Senator from Connecticut. But if the Senator will permit me, I wish to digress and to respond to the Senator from Wyoming [Mr. McGEE]. If we consider the American record in Berlin under the last two administrations, I doubt if one can find any place where our position has been clearer, more courageous, and more certain. Just after World War II, Secretary of State Byrnes and Senator Vandenberg stated that the United States would be willing to consider a security arrangement for Europe in which even Russia might join. The Marshall plan embraced the same idea—the United States offering to include in its scope the satellite countries. Both suggestions were rejected by Russia.

The Berlin airlift, under the administration of President Truman, was courageous. At the summit conference, one of the principal decisions insisted upon by the President of the United States and Mr. Dulles was that one of the chief subjects to be considered after the conference would be the unification of Germany. Russia agreed. And Russia, of course, quickly broke its promises.

Since World War II, the administrations of both Mr. Truman and of President Eisenhower have attempted to settle the question of the unification of Germany through the United Nations, but again have been able to obtain no concessions from Russia. So I am at a loss to understand the general statement of the Senator from Wyoming regarding the need for imagination and initiative.

I want to comment briefly on what the Senator from Connecticut has said. I realize all of us have a very deep and serious responsibility in attempting to talk about the Berlin crisis. I am glad the Senator has recognized the firm and strong position of the Secretary of State.

I have never talked to the Secretary of State about the most recent crisis over Berlin. We know, from what the Secretary has said and written, of the strength and firmness of his position: that the Berlin issue shall not be resolved by force and that we will not deliver West Germany to the Soviets, thereby giving up the freedom of the German people.

I suggest, however, that we are confronted by the Soviet Russian ultimatum. The United States has taken a firm position on principle. We are approaching the date when the issue may be resolved. It may not be resolved on that date because, as I understand the situation, there will be meetings between representatives of the Western Powers and Russia.

But we can maintain principle, and still leave an area for negotiation. I cannot state this afternoon all the areas of possible negotiation or what they should be, but we have to keep in mind that two great powers should not so firmly commit themselves upon every issue, outside issues of principle, that no areas of negotiation are left. We could reach a point where either one or the other would be faced with the decision of taking more forceful action. We certainly do not want that to occur.

I am sure the Senator from Connecticut, while he stands firm on principle, has not intended simply to shut off every area of negotiation.

Mr. DODD. On the contrary, I wholly agree with the Senator from Kentucky. I said earlier, and I repeat now, that I believe in talking to the Russians and negotiating with them and trying to solve our problems. I believe we should never cease to try to obtain a settlement with which we can live honorably and safely. I want to make that so clear that there is no doubt about it.

It is a fact that at the Summit Conference, as I recall, Russia agreed to free elections in Germany. Now that agreement seems to have been forgotten by the Communists.

To say these are moral questions does not mean they are not also practical questions. These aspects are not separated. They cannot be separated. These are moral principles and they are also practical principles and they offer the best practical solutions because they are moral solutions. That is the point I wish to make.

Mr. BYRD of West Virginia. Mr. President, will the Senator yield?

Mr. DODD. I yield.

Mr. BYRD of West Virginia. As another Member of the "freshman class," I desire to say today that our distinguished colleague has rendered a tremendous service to the people of our country by bringing to their attention the problems which confront them. I know the Senator has given the matter great thought and preparation.

I had the honor of serving with the distinguished Senator from Connecticut when we were Members of the House of Representatives, where we labored together in the House Committee on Foreign Affairs. My observations of the Senator over the years have impressed me not only with his devotion to duty and his loyalty to his country, but also with his interest in the cause for which we fight and his knowledge of the subject.

Some question has been raised today as to the inevitability of war. I have not misunderstood my colleague to say that war is inevitable. I think the record should show where the inevitability of this matter has its source, if it indeed is inevitable. We need only to look at the words of the Soviets themselves, if we would be cautioned that war may indeed be inevitable.

About 20 or 30 years ago a man by the name of Dimitry Manuilsky in a lecture at the Lenin School of Political Warfare had this to say:

> War to the hilt between communism and capitalism is inevitable. Today, of course, we are not strong enough to attack. Our time will come in 20 or 30 years. To win we shall need the element of surprise. The bourgeoisie will have to be put to sleep. So we shall begin by launching the most spectacular peace movement on record. There will be electrifying overtures and unheard of concessions. The capitalist countries, stupid and decadent, will rejoice to cooperate in their own destruction. They will leap at another chance to be friends. As soon as their guard is down, we shall smash them with our clenched fist.

Let the record show who it was who said that war to the hilt between communism and capitalism is inevitable.

Lenin's words give us concern and I wish to quote him:

> First we will take Eastern Europe, then the masses of Asia. Then we will surround America, the last citadel of capitalism. We shall not have to attack. She will fall into our lap like an overripe fruit.

In our own time we have been threatened by Mr. Khrushchev, and I quote his words:

> Whether you like it or not, history is on our side. We will bury you yet.

So, Mr. President, let us believe that these men once in a while may indeed mean what they say. I feel we must take them at their word when they say that war is inevitable, because, by taking them at their word, we may very well, in keeping with the Boy Scout motto, be prepared for the worst, hoping, of course, that the worst may never come.

There has been some mention of morality, and a question has been raised as to whether moral principles are involved. Of course, moral principles are involved in the Berlin issue. I commend my colleague, the Senator from Connecticut, for taking the position that there are moral principles and religious principles involved. The Father of Our Country said in his Farewell Address something which I think is pertinent to the subject at this point. He said:

> Of all the dispositions and habits which lead to political prosperity, religion and morality are indispensable supports. In vain would that man claim the tribute of patriotism, who should labor to subvert these great pillars of human happiness, these firmest props of the duties of men and citizens. The mere politician, equally with the pious man, ought to respect and to cherish them. A volume could not trace all their connections with private and public felicity. Let it simply be asked, where is the security for property, for reputation, for life, if the sense of religious obligation desert the oaths which are the instruments of investigation in courts of justice? And let us with caution indulge the supposition that morality can be maintained without religion.

It is a matter of record that the men with whom we are dealing have no religion. They say that there is no God above the state. I say to my colleagues that when one deals with an atheist he deals with an individual who will break his word, an individual whose agreement is worthless, an individual who will rape, pillage, burn, and murder. That is the kind of individual with whom we are dealing in the persons of those who guide the destiny of the Kremlin.

Certainly morality is involved. The Psalmist considered this matter carefully in his day, and he might well have been speaking of the situation with which we are confronted in our day when he said:

> Except the Lord build the house, they labor in vain that build it: Except the Lord keep the city, the watchman waketh but in vain.

I think we must be conscious of the religious and moral principles involved

as we face this burning issue. At the same time, we must be aware that we are dealing with men to whom principles mean nothing.

I, for one, wish to stand on the side which my colleague from Connecticut has taken. I say that nothing can be politically right if it is morally wrong.

I further say that it would be morally wrong to yield on the question of Berlin. There can be no surrender here. If we surrender now, there will not be another line at which we might rally to stand firm.

Pericles, one of the noblest of the Athenians, said to his countrymen:

> Fix your eyes upon the greatness of your country, and remember that her greatness was won by men with courage, with knowledge of their duty, and with a sense of honor in action.

Let us Americans today have the courage that our forefathers had at Valley Forge. Let us have the courage that our forebears have displayed throughout all the illustrious pages of American history. With that kind of courage, and with a steadfast belief in the principles for which we stand, there will be no yielding to threats and blackmail on May 27.

I feel that we must continue to engage in talks and efforts to avoid war. We must continue to be willing to negotiate, but we must never be willing to compromise the great moral principles that are involved in the Berlin issue and in the larger issue of German reunification. While I have been critical at times of our present administration's foreign policy, I want to state emphatically that, when it comes to backing the administration on a showdown or a firm stand in dealing with the Russians, I shall do so with all of my strength. When the safety of our Nation is in the balance, there is no Democrat, no Republican; no North, no South. We stand united.

I again congratulate my colleague. I congratulate all other Senators who have taken advantage of this opportunity to make the record clear. We do not know how many more opportunities we shall have to speak out on this question. I, for one, could not resist the urge to let the record show that another freshman Senator feels that if there must be a showdown, it should be in our time, and not in the time of our children.

Mr. DODD. I thank the Senator.

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

Mr. DODD. I yield.

Mr. MORTON. I too, wish to commend the Senator from Connecticut for a great speech. As one who was rather intimately associated with Secretary Dulles for about 38 months during the first part of the present administration, let me say that I am grateful for the deserved tribute which the Senator from Connecticut, in his characteristic way, has paid Secretary Dulles. Yesterday was his 71st birthday. I am sure that when he reads certain paragraphs in the address of the Senator from Connecticut his heart will be warmed, indeed.

The other day Mr. Macmillan, in describing his visit to Moscow, made the statement that at the present time the two great dangers of war in connection with the Berlin crisis are, first, that it may come about because of miscalculation; and second, that we may "muddle" ourselves into a war. I think that was the word he used.

The great contribution by the Senator from Connecticut today has been to help prevent miscalculations. I remember accompanying the Secretary of State in his many appearances before the Foreign Affairs Committee of the House, when the distinguished Senator from Connecticut served so well on that committee. I believe he will recall that time and again Mr. Dulles repeated the thesis that the three wars in which we became involved in this century resulted primarily from miscalculation as to American will, American strength, American determination, and the policies of the American Government.

I believe that the clear statement of the Senator from Connecticut today, coming from his side of the aisle, is a great contribution toward preventing another miscalculation as to the will, the intent, and the determination of the American people and the American Government. I commend the Senator for a very great address.

Mr. DODD. I thank the Senator very much.

Mr. President, I yield the floor.

POLICIES RESPECTING GERMANY

Mr. MANSFIELD. Mr. President, I, too, wish to speak on the German question. I am sorry that I did not complete the preparation of my speech in time to give copies to my colleagues, to the Official Reporters, or to the press.

I am grateful to the Senator from Connecticut for showing me and others of his colleagues—if not all of them—the courtesy of sending to us copies of the magnificent speech which he has just completed. I commend him most highly, because I think he has made a real contribution to the public understanding of this most important problem. I believe that in emphasizing the difficulties which will face our country and the free world on or before May 27, he has rendered a service which should be appreciated by all.

He minced no words in his speech. I shall mince no words in mine. As a U.S. Senator from the State of Montana, like the U.S. Senator from the State of Connecticut or any other State, I have a duty and a responsibility to call my shots as I see them, to let the cards fall where they may.

So with this apology to my colleagues, the Official Reporters of Debates, and the press for not having a prepared copy of my speech, and with my public commendation and congratulations to the distinguished Senator from Connecticut for making an excellent speech and laying it on the line. I wish to say thanks because he has rendered a public service. I hope other Senators, in addition to the Senator from Connecticut and the Senator from New York, will likewise take the floor and try to let the people of this country and the world know just what the American position is, and to emphasize that, regardless of any differences as to how we shall achieve our objective, there are no differences so far as our desire and our determination to remain in West Berlin are concerned.

Some days ago, I discussed in the Senate the coming crisis in Germany. Other Members have since contributed to the discussion of this critical matter. That is all to the good. I am persuaded that out of this turmoil of thought will come a firm and positive policy, a policy which, even if it does not yield a rapid resolution of the German situation, will at least unite and steel the Nation for the dangerous days which lie ahead.

THE PROSPECTS IN GERMANY

Let there be no mistake about what does lie ahead. This is no diplomatic lark on which the world is about to embark at Berlin. This is no child's play of blind man's buff.

When I addressed the Senate on February 12, Mr. President, I made a deletion from my remarks just a few moments before I delivered them. I did so because I did not wish to be unduly alarmist. Now the same thought has been expressed by the Prime Minister of the United Kingdom. It has been recognized by Members of this body such as the distinguished Senator from Kentucky [Mr. COOPER] and increasingly by the press. It is at least beginning to sink home that the world is entering into a situation in Germany in which the lives of tens of millions of people—Americans included—may well balance on the avoidance of a single significant error.

The British Prime Minister warned, the other day, of a suicidal war by "miscalculation." As the distinguished Senator from Kentucky [Mr. MORTON], a former Assistant Secretary of State, has said this afternoon, the British Prime Minister also used the word "muddling."

I can say now with greater assurance what I intended to say but deleted from my remarks on February 12: "I express to the Senate my belief that just ahead lies a period which may well see the Nation and the rest of the world miss a devastating war by a very narrow margin. Indeed, it is a period which may see us in war, limited war or unlimited war, war by accident or war by design, war by childish stubbornness or bravado."

THE RESPONSIBILITY OF SENATORS IN THE IMPENDING CRISIS

If that is the case, Mr. President, what are the Members of this body to do? Are they to guard their silence when conscience compels them to speak? Are they to ignore their responsibilities to their States and our country as they see those responsibilities? Are they to accept as all-pervasive the undoubted wisdom of the President and the executive branch of the Government? Or are they to think for themselves and speak for themselves?

Are they to be more concerned with how words will sound abroad, and so hold their peace? Or must they, even more, seek to dispel any uncertainties of the people of the Nation as to the course which this Government is pursuing, and to seek to do so by examining the issues which underlie that course? Are they to wait until they hear what the Department of State has to say on the matter

and then parrot agreement? Are they to wait to hear what Mr. Khrushchev has to say, so that they may be sure that what they subsequently say will be in disagreement?

I do not know what others may contend in this matter. I can speak only for myself. For myself, Mr. President, I can say only that when conscience compels me to speak, I owe it to the people of my State and our country to speak out. For myself, Mr. President, I hold that the most important matter is not how people abroad may interpret my words. Important as that may be, it is more important that the people of my State and our country understand fully what is at stake in this situation.

More important is the need of the people of the United States to be satisfied that the course to which they are committed by their Government is a sound one. If they are to be asked to give their lives, as well they may be, then the course of this Government must represent the outgrowth of policies which reflect the deepest needs of the people of the United States. They must be policies which are, in fact, the best that can be devised by this Government to safeguard the Nation and freedom, and to do so, if possible, in peace.

Mr. President, to those who say we may upset people abroad by our discussions, I can only reply that we do not fool anyone abroad if we fool ourselves at home. The unity of the slogan may well be no unity at all. It may well be merely the facade of unity; the Communist, the totalitarian concept of unity.

The unity of free man needs to rest on firmer ground. For the grim days which lie ahead in Germany, this Nation needs the unity which can come only from an understanding of where we stand, where it is we are headed, and why. To stand fast in Germany, as indeed we must, we need to think carefully, to think deeply, and we need to do it now. We need to speak out seriously, soberly, and we need to do it now. The time to examine policies is before, not after, their consequences are upon us. I emphasize that point—before, not after—as in Korea a few years ago.

POSITION ON MR. DULLES

Mr. President, I yield to no one in my appreciation of the enormous burdens of the Secretary of State and his Department, charged, as they are, with primary responsibility, under the President, for the Nation's policies. I believe the record of my position in this matter is very clear. I regard Mr. Dulles, as I have since I have known him, as an able and a dedicated civil servant. I have endorsed many of the policies which have been pursued since he took office. I have worked with him closely, very closely, on several of these matters. I have never felt, however, that this constrained upon me a silence when I disagreed; nor, I am sure, did he. I favor the continuance of Mr. Dulles in office now, not out of any sentimentality, but because I believe that if his health permits, Mr. Dulles is capable of making an extremely significant contribution to the security of the Nation and to the search for peace, particularly at this time.

I do not believe in the concept of the indispensable man. However, I do believe that there are times when a man may become virtually indispensable. Because of what Mr. Dulles has done over the past several months, especially during the past several weeks, in going to Western Europe and discussing the Berlin and German matters with our allies, and because of his great capacity, his great knowledge, his great ability, and the leadership which he has displayed, insofar as the Berlin and German situations are concerned, he is in a very large sense indispensable.

I hope that any conferences covering these two questions—because they are interrelated—will be held in Washington, where we can make use of Mr. Dulles' capacities and abilities, to advise and lead the West.

In the last analysis, whether his health will permit him to make that contribution is for the President, the Secretary, and his doctors to decide, as the President so cogently pointed out in his press conference of February 25, 1959.

Let me emphasize, however, that because Mr. Dulles is ill is no reason for declaring a moratorium on a frank and full discussion of the Nation's policies in the light of the critical situation in Germany. If I know Mr. Dulles at all, he would be the first to recognize the need for this discussion to continue. He would be the first to denounce any ghoulish political profiteering on his illness in order to silence this discussion.

There are those who have expressed confusion as to how I can support Mr. Dulles' continuance in office and still criticize some of the policies executed under his name. I can only say that it is not the first time, and I hope it is not the last. We shall have reached a very low point, indeed, in the practice of free and responsible government when a Senator has no choice but to agree 100 percent with a Secretary of State or to hang him in effigy.

I intend to go on as I have in this matter. I shall endorse the foreign policies of this administration when I believe they are sound policies. I shall try to contribute constructively to their reshaping when I believe that they are not—I repeat the word "constructively," because I have always tried to operate constructively. That is a position, Mr. President, which I have maintained since I entered this body, and also during the 10 year prior thereto when I served as a member of the Committee on Foreign Affairs of the House of Representatives. It is the position I propose to maintain so long as I am in the Senate. I shall maintain it regardless of the party which is responsible for the administration of the Nation's affairs.

ATTITUDE ON MR. KHRUSHCHEV

Further, I propose to say what I have to say when I have to say it, irrespective of Mr. Khrushchev's threats or blandishments. It is, to me, a matter of indifference whether Mr. Khrushchev agrees or disagrees with me. I hope this Government, Mr. President, will never, out of a timorous feeling that Mr. Khrushchev may disapprove, fail to stand for what it must stand for. Equally, Mr. President, I hope that this Government will never fail to act as it must act out of an even more timorous feeling that Mr. Khrushchev may approve. What I said on this point on February 12 I believe bears repeating. I said then, and I say again today:

> If we are to be prepared to face this crisis in Germany, it will be best not to become distracted or obsessed by the twists and turns of Soviet behavior. The fundamental question of policy for us is not so much what the Russians are looking for in Germany. We know what they are looking for and they may very well seize it while we amuse or fascinate ourselves by trying to interpret the charades of Russian behavior.

No, Mr. President, it is more important to us, far more important, to know what we ourselves are seeking in Germany. We must bring to this crisis not only courage, but also conviction. We must bring to it a positive and understandable policy which meets our essential national needs and the essential needs of freedom, and, if possible, meets them in peace.

It was that thought, Mr. President, which prompted me to list nine points for exploration in a search for a positive policy on Germany last February 12. Some of these points were then, or at least have since become, a part of the present official policy of the United States. Others are not a part of that policy. They represent what, to me, seem rational approaches to various aspects of the problem of Germany. In great measure, they are not original except in their restatement, as my inserts in the CONGRESSIONAL RECORD of February 16, 1959, will show. But for their restatement in the context of the speech, I wish to make it clear that I claim full responsibility.

RECAPITULATION OF THE NINE POINTS

Mr. President, I should now like to review the nine points and to discuss their status in official policy at the present time, as well as certain of the comments which have been made upon them. On February 12 I said:

> I can be wrong, and I stand ready to accept a better illumination of the problem through discussion and debate in the Senate.

I say that again. I may add, however, that little which has since transpired or has since been said prompts me to modify these points in any significant degree.

Point 1: There must be no retreat of the forces of freedom at Berlin. Mr. President, I said that, not once, but at least six times during the course of my remarks on February 12. Weeks before that date, I had publicly endorsed a draft Senate resolution which would have upheld the position of the administration to stand fast. That, I may add, is the only resolution on the German situation which I have endorsed so far.

So far as I know, there has not been any significant difference among Democrats and Republicans, or between the Senate and the excutive branch of the Government, on the need to stand fast at Berlin. Certainly there never has been on my part.

Point 2: The German leaders of the two Berlin communities should be urged to begin serious efforts to unify the public services and municipal government of

that city. I know, Mr. President, that there are those who will say this approach is illusory and unrealistic; that the East Germans cannot be expected to agree even on a common sewage system, let alone on a common municipal government. I would point out in reply, however, that if Berlin does not have a common sewage system, it does have a common subway system. If the German leaders of East and West Berlin can agree on that, as they have, is it beyond the realm of the possible that they may agree on other common public services, particularly if they mean to have peace; or that they may reach a series of agreements which might ultimately lead to a single municipal government for the city? I must ask: What stands in the way of an initiative of this kind? What will be lost by trying to bring about this progress toward municipal unity in Berlin? If we mean to have peace, I believe the effort should be made. It should be made not only to ease the danger of war at this most critical point in Germany; it should be made, too, because if it is successful, out of the microcosm of Berlin could emerge patterns of unification for all of Germany.

Berlin, of course, is an aspect of the whole problem of German unification but it is also the most pressing and compelling aspect. It is at Berlin and along the routes of access to that city that the danger of conflict is greatest. In that sense it requires the most immediate attention, even if solution to its problem of unification may be merely by means of interim solutions, pending the outcome of the whole problem of German unification. So far as I know, Mr. President, at present we are doing nothing, in an official sense, to bring about an attempt at municipal unity in Berlin.

Point 3: The conciliatory services of the United Nations and, particularly, of its Secretary General, should be enlisted, to try to develop an all-Berlin government. If such a government does emerge in the municipality, then a United Nations emergency force should replace both Communist and Allied forces in maintaining free access to the city from all directions, pending a general settlement of the German problem.

So far as I know, Mr. President, no official steps have been taken in this direction. There are hints, Mr. President, that if trouble does develop at Berlin, then the matter will be taken to the United Nations. I would deem it a welcome change, Mr. President, for once to bring the United Nations into an international puzzle before, not after, the pieces have been hopelessly scattered.

Those in the Senate who saw fit to comment on many parts of my last statement generally refrained from comment on this point. I am not prepared to conclude, however, that in Germany at this time there is no possible constructive role for the United Nations and the Secretary General. I believe that there is something to be said for an attempt to bring the United Nations into the situation, now, in the role of fire-prevention, not merely later, in the role of firefighting. For my part I would much prefer to see the whole city of Berlin neutralized on an interim basis, under United Nations auspices, if that can be obtained, rather than to have East German agents of the Soviet Union stamping the permits of Western allied transports to West Berlin. We cannot know whether such an arrangement can be obtained until we try to obtain it. And even if we cannot, what shall we have sacrificed by trying?

Points 4 and 5: Unless a unified, neutralized Berlin under United Nations' auspices is established as an interim measure, then Western forces must remain in Berlin, regardless of whether the Russians leave. It is time to think seriously, however, of replacing as rapidly as possible the thousands of non-German allied military personnel in Berline with West German militia.

Here, again, Mr. President, I find in present policy nothing comparable to this suggestion. Present policy, says, in effect, that the Russians must stay in Berlin—in spirit, if not in body. Apart from the fact that I see no practicable way to make them stay in either body or spirit if they wish to go, I am most reluctant to go along with a policy that seeks to require the Russians to stay anywhere westward, if they propose to take even a few steps backward—eastward.

I am fully aware that their going may complicate our remaining in Berlin. We shall be face to face, then, with East Germans. They will be Communists, to be sure—but, nevertheless, Germans, not Russians. The allied forces may well be compelled, in the last analysis, to face them, if we mean to stay in Berlin at all costs.

It was an awareness of this probability, Mr. President, which prompted me to suggest that it is time to think seriously of replacing the thousands of allied military personnel in West Berlin with West German militia. If there is to be a loss of life among East Germans, in order to preserve what is, in the last analysis, a West German position even more than an allied position in Berlin, then it seems to me best that the allied forces move as quickly as possible to the reserve, even as the Russians intend to do on the other side. This is not a matter of "passing the buck." It is a matter of recognizing that among Germans, as among others, blood may well prove thicker than ideologies.

It will be a tragedy if men must die in this situation in any event. It will hurt the cause of freedom in Germany even more, however, if the Germans who may lose their lives in a limited conflict for access to Berlin lose them by the action of foreign forces.

I know, Mr. President, that there are grave risks in using West German forces in this fashion. Once injected into the situation at Berlin, it is difficult to foresee the contingencies which may subsequently arise. That is why I said it is time to think seriously of using them, not that it is time to use them. The risks must be weighed in the light of all the information and estimates available to the Executive. They must be weighed against the countless risks of trying to preserve, with allied forces, a status quo in a situation which will change, inevitably, once the Russians have left Berlin. There may be sound reasons for not taking this course of substituting West Germans for the allied forces at West Berlin. There are no sound reasons, however, for not exploring fully its implications within our own Government and with allied governments, or for failing to do so promptly.

Point 6: There must be a great deal of talk between Germans who are in authority in the Federal Republic and Germans who purport to be in authority in the Eastern zone.

This is the point, Mr. President, of which much has been made in comments on my remarks of February 12. It seems to me that a monumental issue has been generated here, although, in fact, no substantial issue exists.

The administration—the Western allies—have proposed talks with the Russians, at which each side might have German observers. In other words, East Germans and West Germans are both to be admitted to these talks on Germany, if the Russians accept the Western proposal.

Now, Mr. President, does anyone believe that in talks on the German problem, these Germans—East and West Germans—are going to do nothing but observe? No, Mr. President; they are obviously going to talk, the West Germans through the allied nations, the East Germans through the Soviet Union. If there is a difference between official policy and what I suggested in this respect, it is certainly a minor one. If I may draw an analogy, perhaps I can make the difference clear. I suggested, in effect, that the Germans—East and West—go off into another room and try to come up with concrete proposals on the problem of German unification, which they would then lay before the allied powers and the Soviet Union, for approval and for guarantee.

Many of those who have commented on this proposal have said in effect: "No. That is a dangerous procedure." They have said—those who endorse present official policy on this point—that the West Germans must whisper in the ear of the allies what they think should be done about unification and the East Germans must whisper in the ear of the Soviet Union. Then, the Western allies and the Soviet Union will add their own thoughts and try, out of the conglomeration, to reach an agreement.

Mr. President, either way is agreeable to me. Out of my own limited experience at international conferences, however, I have my own views as to which way is likely to offer greater prospect for success. Those who now conduct foreign policy have theirs. I am more than willing to try their way if they believe it will work. I have a feeling, however, that before we are done with this matter of whispering in ears and the friction of no contact between the Germans, we shall be more than willing to try others.

Point 7: All-German elections may not be essential to peace and to freedom, but there must be some opportunity for the people of East Germany, as there is in West Germany, to express their political preferences and to participate in politi-

cal affairs without terror. Unless there is, the search for peace can lead to the jeopardizing of freedom.

Here again, Mr. President, I do not believe there is a basic difference between the present policies of this Government and the view which I stated. The Secretary of State made clear, long before my speech of February 12, that all-German elections need not be essential as a first step in German unification. I do not know at what stage they would become essential, nor, with all due respect, do I believe anyone else does at this time.

The Secretary has recognized that reality, and I applaud his recognition of it. I say further, however, that unless the hand of political terror begins to lift in East Germany there is a danger to freedom in any form of unification which may be tried. While this point has not been explicitly stated by the Secretary, I am sure that those who are responsible for the conduct of foreign policy are not unaware of it.

Point 8: The Western allies and the Soviet Union must guarantee for a period of time the unified Germany which may emerge from discussions among the Germans. They must see to it that Germany is neither subjected to military pressures from its neighbors nor becomes a source of military pressures to its neighbors.

Again, Mr. President, there is no disagreement on this obvious point. It has long been a part of the policy of this Government to recognize that a peace treaty for Germany, which provides for the reasonable security needs of its neighbors, including the Soviet Union, is an essential of peace. One may differ with the way this objective has been pursued, but there are few differences as to its essentiality.

Point 9: It is essential that our policy, NATO's policies, do not exclude a careful consideration—may I repeat that word, "consideration"—of the Rapacki plan, the Eden plan for a demilitarized zone in middle Europe, or similar proposals in connection with the unification of Germany, predicated—may I repeat that word, "predicated"—or contingent upon the outcome of the conferences on surprise attack, and suspension of nuclear tests now going on in Geneva.

The Western Powers have indicated an interest in negotiating a European security pact. We are now seeking an agreement, at Geneva, on the problem of nuclear testing and the prevention of surprise attack.

Further, I am given to understand that it is the policy of this Government to recognize that agreement is possible to exclude missile bases from all German soil. Similarly, that it is possible to thin out foreign forces in West Germany in return for a thinning out of Soviet forces in East Germany.

If that is the case, Mr. President, there is no basic incompatibility between the essentials that I listed and what official policy is prepared—I repeat that word, "prepared"—to do. The objective is the same. I reserve the right, however, to examine subsequently the way we are going about trying to reach it.

SIMILARITIES BETWEEN OFFICIAL POLICY AND NINE POINTS

The differences between what we are doing, as a matter of official policy, and what I suggested as the essentials of a positive Western policy on Germany, are not numerous. In official policy—without a shadow of a doubt on the part of anyone, either Democrat or Republican—we are committed to stand fast at Berlin. We are committed to the participation of Germans of both zones in the discussion of the problems of German unity. We are committed to explore ways other than all-German elections, at least as a beginning of the solution to the problem of German unity. We are prepared to consider proposals which seek to limit certain types of weapons and the alien military forces in both parts of Germany within the framework of all-European security arrangements. With these essentials, Mr. President, I expressed substantial agreement in my remarks of February 12, although I may differ in particulars with respect to the way they are being presently pursued.

DIFFERENCES WITH OFFICIAL POLICY

The basic points at which I diverge from what is present official policy, I believe, are these:

First. Official policy, in effect, says that the Russians cannot leave Berlin or the routes of access to the city from the West; certainly, that they cannot leave in spirit and, perhaps, not even in body. For my part, I would have no particular desire to see them stay, in body or in spirit, even if they could be persuaded from going, which I doubt.

Second. Official policy does not seek actively to try to bring about a unification of the municipal services and government of the two Berlins at the present time. I believe that effort should be made.

Third. Official policy does not seek to enlist the United Nations in the Berlin crisis at this time. For my part, I believe it is high time that this be done; particularly, that the conciliatory services of the Secretary General be sought.

Fourth. Official policy gives no evidence of considering replacing the thousands of allied forces in Berlin with West Germans. If we are not going to move or cannot move in the direction of trying to bring about the unity and interim neutralization of all Berlin through U.N. conciliation, then, I believe, for the reasons I have already stated, we must give serious consideration to making this replacement.

CONCLUDING COMMENTS

Finally, Mr. President, I must bring to the attention of the Senate the testimony of General Maxwell D. Taylor, the Chief of Staff of the Army before the Senate Disarmament Subcommittee on February 2, testimony which was released only last weekend. The general said, in effect, that there must be total mobilization of this Nation if we are to resist force in Berlin. I must ask: What is being done to bring about this total mobilization, or are we to assume that it will not be necessary?

I hope deeply, Mr. President, that force will not be brought into play at Berlin but there is no certain promise in present circumstances that it will not be. I reiterate my belief that if there is to be a chance to avoid its use, "a Western initiative for peace is essential."

The points which I raised in my remarks on February 12 were designed to indicate a possible direction for that initiative.

Of equal importance with the desire for peace, Mr. President, is the energy and forbearance with which this Government pursues this great need and desire of mankind. Of greatest importance is a national leadership which acts positively for peace.

If the President leads in that fashion, he will find the people of this Nation and the people of the free world will be solidly behind him.

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

Mr. MANSFIELD. I yield.

Mr. FULBRIGHT. I should like to take this opportunity to express my appreciation, and I know the appreciation of the Senate, for the very fine job the Senator from Montana has done in bringing this question before this body and the country, and in developing it in such a logical and effective way, as he did today and as he did on the previous occasion. I regret very much that illness prevented me from being here on the occasion of the previous speech on this subject by the Senator from Montana. The Senator has already inspired a great deal of very fruitful discussion of this issue, and I think the country and the Senate will benefit immeasurably from the efforts of the Senator from Montana. I wish to join all the other Senators who have complimented the Senator from Montana for his efforts, which have contributed so much to better understanding of this problem.

Mr. MANSFIELD. I thank the distinguished chairman of the Committee on Foreign Relations. I recall to the Senator's memory that we came to the Congress together in 1943, and since that time we have had a fairly close relationship in the foreign policy field. Of course I am indebted to the Senator from Arkansas, the chairman of the Committee on Foreign Relations, for his kind words, for his unfailing understanding, and for his tolerance and strength over the years gone by.

Mr. President, I now wish to turn to another subject.

The PRESIDING OFFICER. The Senator from Montana has the floor.

NOTICE OF MEETING OF INTERPARLIAMENTARY UNION

Mr. MANSFIELD. Mr. President, I wish to give notice to the Senate that the Interparliamentary Union will meet for organizational purposes at 10 o'clock a.m. tomorrow.

Mr. President, before the Senate adjourns I should like to suggest the absence of a quorum, because I promised the Senator from New Mexico [Mr. ANDERSON] I would do so. I will withhold that request for the time being, since other Senators desire to make remarks.

FIFTY-SECOND ANNIVERSARY OF THE SOUTHWEST AMERICAN

Mr. FULBRIGHT. Mr. President, I wish to take this opportunity to pay tribute to one of the leading newspapers in my State. The Southwest American, in Fort Smith, Ark., celebrated its 52d anniversary on February 15.

I think it particularly interesting to note that this paper was originally founded by a former member of this body, Col. William E. Decker, of Ohio.

Mr. President, there are only two surviving members of the original staff. Mr. Sam Gearhart, who is the only surviving member of the original editorial staff, is now vice president and general manager of the Northwest Arkansas Times, another leading paper in my State. Mr. Louis Cohen, who was circulation manager, is a successful Fort Smith businessman and philanthropist.

The paper is edited by Mr. C. F. Byrns, who is a very dear and close friend of mine. Both the city of Fort Smith and the paper have grown considerably in the last 45 years, and a great deal of this progress can be attributed to Mr. Byrns' efforts. It is a pleasure to pay tribute to such a fine paper.

RECOVERY OF GOVERNOR EGAN OF ALASKA

Mr. BARTLETT. Mr. President, news dispatches told of the discharge today from a Seattle hospital of Gov. William A. Egan, of Alaska. He is on the slow but sure road to complete restoration of his health. Governor Egan was stricken shortly after he was elected as the first Governor of the State of Alaska, November 25 last. Since then he has undergone several surgical operations and for several days was critically ill. That he passed the crisis and won through, is due to his indomitable fighting spirit and the wonderful care he received from his physicians and surgeons in Juneau and Seattle, and from the nursing staffs in the hospitals in those cities.

Because many persons in the Capitol and elsewhere in Washington have asked me every day about Governor Egan's condition since he first became ill, I am glad to add here a personal report to that given in the news dispatches. This week I received from Governor Egan in his handwriting one of what must be the very few letters he has himself written since he became ill. Now all he is waiting for is complete recovery so he may assume the duties of his office. It is true that before this may occur another operation will be required, but this, according to what Governor Egan's surgeon told me in Seattle only last week, will be of comparatively minor nature. More recently Mrs. Egan has informed me that her husband is now making much faster progress toward recovery than in the period immediately following the critical nature of his illness. Governor Egan has been a lifelong resident of Alaska, having been born at Valdez. He served in Washington as provisional Senator under the so-called Tennessee-Alaska plan.

For many reasons I am glad to make this encouraging report—because of a long-standing personal friendship, because all Alaskans want him to be Governor of Alaska in fact as well as name as soon as possible, and because so many here have been so constantly solicitous. I am especially grateful to the Chaplain of the Senate, Dr. Harris, for the beautiful and inspiring prayer offered in this very Chamber for Governor Egan when the outlook was bleakest.

The PRESIDING OFFICER (Mr. McGEE in the chair). The Chair expresses personal gratification for this good news, and is sure that it is received with great rejoicing by all other Members of the Senate.

Mr. BARTLETT. I thank the Chair.

ATOMIC ENERGY COMMISSION AUTHORIZATION BILL FOR 1960

Mr. ANDERSON. Mr. President, I am introducing today, by request, S. 1194, the proposed Atomic Energy Commission authorization bill for capital facilities and the cooperative atomic power program.

This bill is a revision by AEC of the legislative proposal they submitted to the Congress on last Tuesday, February 17, 1959, and which Congressman CHET HOLIFIELD, chairman of the Subcommittee on Legislation of the Joint Committee, stated was procedurally unacceptable. Congressman HOLIFIELD had reference to the fact that the line item project numbers had been omitted, and provisions for ground rules on the atomic power reactor demonstration program, including referral of the basis for proposed cooperative arrangements to the Joint Committee for review, had been eliminated. This would have given AEC wide latitude in changing the purposes of projects authorized and appropriated for by the Congress.

The AEC has revised the bill to restore line item numbers. It also provides some ground rules. However, it does not provide for Joint Committee review of the basis of proposed cooperative arrangements between AEC and power organizations. As discussed later there may be additional questions on procedural problems.

Although the bill does contain procedural changes, the projects and amounts authorized remain the same. Thus section 101 authorizes $115,500,000 for line items for the whole program of facilities for weapons, raw material and production, and research and development. A total amount of $49,500,000 is authorized for civilian experimental and prototype reactors in sections 110, 111, and 112.

In order to permit the Commission to explain its program as proposed, Vice Chairman DURHAM and myself are introducing the revised bills by request. We should like to make clear, however, that we and some of our colleagues have some serious reservations as to the adequacy of the program, projects, and policies recommended.

For example, the AEC request of $115,500,000 for line item projects compares with the amount of $386 million authorized for the current fiscal year 1959; $259 million for 1958; $319 million for 1957; and $269 million for 1956.

The amount of the AEC recommendation is, of course, not all the Commission's fault. AEC requested a total of $186 million and the Bureau of the Budget cut them to $115,500,000, or a reduction of 38 percent.

Last year AEC requested a total of $193 million in its authorization bill. The Joint Committee recommended and the Congress authorized $386 million, an increase of $193 million. This increase included additions for the Hanford convertible reactor, certain atomic reactor design studies, and additional research facilities. The Commission has apparently found use for these added projects, but has been holding up certain others.

This year, in line with our established practice, the Joint Committee through its Subcommittee on Legislation will hold hearings on the 1960 authorization proposal to determine whether additional projects should be added and whether some projects should be deleted. We will be concerned with weapons, production, and research, as well as with military reactors and civilian atomic power projects.

But the civilian atomic program will undoubtedly receive close scrutiny. This program, due to the efforts of the Joint Committee and others, has been increasing, both in terms of capital facilities and funds authorized in the cooperative power reactor demonstration program. However, a year or two ago the imposition of arbitrary budgetary ceilings began to be felt as to authorization of future projects.

For fiscal year 1958 a total of $129,915,000 was authorized in the power reactor demonstration program for eight projects in process of negotiation for total 431,500 kilowatts of electric power. In addition, $48,700,000 was authorized for line item experimental reactors for AEC construction. But for fiscal year 1959 only an additional $25 million was requested for the power demonstration program. $66,550,000 was authorized for line item projects, many of which had been added or urged by the Joint Committee. In addition, $145 million was authorized for the Hanford convertible reactor which could make a contribution to atomic power technology.

More important, during the current fiscal year 1959 since July or August 1958 when funds were authorized and appropriated, AEC has not proceeded with construction of the Kaiser-ACF gas-cooled reactor prototype authorized and appropriated for by the Congress. Moreover, AEC has not proceeded to invite additional proposals for its power reactor demonstration program.

Thus, at the present time AEC appears to be on dead center in its atomic power program. This is reflected also in the over-all program itself since in the last year or so only one new wholly privately financed project—the PG & E Humboldt project—and one proposed

cooperative project—the Philadelphia Electric-General Dynamics project—have been seriously proposed. Each of these is of a modest size, and one is quite advanced.

It is in the above context that the Joint Committee and the Congress must view the legislative proposal submitted by the Atomic Energy Commission for its civilian reactor program. The Commission is proposing $30 million for a small process steam prototype, and a flexible experimental reactor, to be constructed by AEC, and a small prototype plant for a cooperative or public power body, and a 50,000 kilowatt for a private power organization. In addition, AEC proposes $14,500,000 for research and development assistance for the Philadelphia Electric-General Dynamics project, and $5 million for miscellaneous research and development for various projects. In addition AEC proposed to modify the Kaiser-ACF prototype project to make it an experimental reactor with a little power, cutting the funds from $51 million to $30 million. Such a proposed adjustment can hardly justify its being called new project for 1960, especially since the law requires AEC to proceed with the original project in 1959.

Now I am sure AEC believed that the above program was a good one for fiscal 1960, especially in view of the general executive budgetary situation. We want to give them credit for good intentions. But it is the job of the Joint Committee and the Congress to see whether it is adequate to meet the objectives of achieving economic power which AEC and the Joint Committee agree upon. The AEC's own ad hoc committee had the following to say about the program:

> Since the development of nuclear power is in fact proving to be difficult and expensive, the Government has been faced with a hard choice. Either this country continues its leadership at the cost of heavy expenditure or it accepts the probability that there will be no significant nuclear power industry in this country until the technology has been developed elsewhere and can be reintroduced here. This committee knows of little support for the latter alternative.

Does the amount of $49,500,000 constitute the heavy expenditures required? Will the two small and one medium-sized reactors proposed by AEC keep us in front? What about the current year we have lost? Where will the reactors come from after the current crop scheduled for completion in 1960–62 are on the line? They must be authorized and designed in the next year or so with construction following immediately thereon.

It is for the above reasons that the Joint Committee will want to consider additional projects both in terms of making modest advances on existing technology and also to proceed with promising reactor types through the prototype stage.

Accordingly, I would think that the Joint Committee will want to consider authorizing one or two experimental prototype reactors for AEC construction, under contract, at its own installations with the electric power absorbed at the site. We have had favorable testimony in our current hearings on a heavy water moderated and cooled natural uranium reactor prototype. The Congress authorized a design study on this reactor, which will soon be available. This type of reactor has been proposed by AEC for construction twice in the last few years, but has been blocked each time by the Budget Bureau. A reactor of this type was originally recommended by the Joint Committee's distinguished reactor adviser, Dr. W. H. Zinn, in its hearings in 1956.

An organic reactor prototype also appears to merit consideration at this time. AEC has had a small reactor experiment of this type in operation and has the small reactor for the Piqua project designed and ready for construction. Designs and proposals for large-scale organic reactors have been made in Italy, and will undoubtedly be made for the Euratom program by several manufacturers. But before it is likely that many large-scale reactors are bought, utilities both abroad and here will want to see us going forward with an intermediate prototype of a size large enough to prove out large-scale operation. I would think a size of 50,000 to 100,000 kilowatts to be sufficient, although I recognize opinions may differ. AEC has proposed another organic experimental reactor of small size, but last year testified that such an experiment should not preclude going ahead with a prototype.

In addition to the above types there may be other promising types which should be considered. We will want to review the report of the Edison Electric Institute, the JCAE staff study, the AEC ad hoc committee, and AEC's past statements for suggestions. Of interest in this connection, and for other reasons, would be the proposed prototype reactor to utilize nuclear superheat which is being designed in cooperation with the Puerto Rican Water Resources Authority. We also may wish to consider a reactor prototype for installation in a tanker.

With respect to established reactor types, we may wish to authorize one or two additional prototypes the next step up in size from those proposed by AEC. For example, we may wish to consider assistance on a demonstration prototype for private construction in the size range of 75,000 to 150,000 KWE. We may also wish to consider an additional second round proposal for a prototype in the 20,000 to 60,000 kilowatt range for construction in cooperation with municipal organization or cooperative or other public body.

In addition to considering necessary increases in the program, the Joint Committee will also wish to consider the proposed cuts announced by AEC this week. We will wish to make sure that the cutbacks are motivated by technical considerations, rather than the need to obtain funds under stringent budget ceilings.

The proposed methods of administration for the program will also require consideration. AEC has proposed a capital grant of up to 50 percent of the cost of a private nuclear facility. We will wish to examine the ground rules which AEC may have in mind for this type of arrangement. AEC has been quite vague in this respect and this method is fraught with many difficult problems.

I hope these hearings can be conducted on a constructive basis, with the AEC staff showing us the advantages as well as the problems of the types we are considering. We hope they will do the same with what AEC is proposing. We would naturally expect AEC laboratories, and contractors to have full freedom to express their views on the various proposals.

It is only by complete cooperation that we will be able to accelerate the atomic power program. I regret that the working relationship developed near the end of the last session between the Commission and the Joint Committee and their respective staffs did not continue into this session. During the last session we had excellent cooperation on the Euratom legislation and in developing a statement on the atomic power program. The AEC Commissioners even supported our idea of a "convertible" reactor for Hanford which was not in their authorization proposal.

I hope and believe that some improvements can be made in our working relationships, and have been assured by AEC Chairman McCone that the Commission will cooperate to this end. Accordingly the first hearings on the authorization bill which I have introduced today will start tomorrow with understanding, and, I hope good feelings on both sides. I trust that the results will be of great benefit to the whole atomic program.

ADJOURNMENT TO MONDAY NEXT

Mr. ANDERSON. Mr. President, in accordance with the previous order, I now move that the Senate adjourn until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 4 o'clock and 43 minutes p.m.), in accordance with the order previously entered, the Senate adjourned until Monday, March 2, 1959, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate February 26, 1959:

UNITED NATIONS

Henry J. Heinz II, of Pennsylvania, to be the representative of the United States of America to the 14th Session of the Economic Commission for Europe of the Economic and Social Council of the United Nations.

DIPLOMATIC AND FOREIGN SERVICE

Mrs. Clare Boothe Luce, of Connecticut, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Brazil, vice Ellis O. Briggs.

CIRCUIT AND DISTRICT JUDGES

The following-named persons to the offices indicated:

Bailey Aldrich, of Massachusetts, to be U.S. circuit judge for the first circuit, vice Calvert Magruder, retired.

Latham Castle, of Illinois, to be U.S. circuit judge for the seventh circuit, vice Philip J. Finnegan, deceased.

Anthony Julian, of Massachusetts, to be U.S. district judge for the district of Massachusetts, vice Bailey Aldrich, elevated.

Leonard P. Walsh, of the District of Columbia, to be U.S. district judge for the District of Columbia, vice Bolitha J. Laws, deceased.

THE DISTRICT OF COLUMBIA REDEVELOPMENT LAND AGENCY

Francis F. Healy, of the District of Columbia, for reappointment as a member of the District of Columbia Redevelopment Land Agency, for a term of 5 years, effective March 4, 1959.

IN THE ARMY

The following-named officers for promotion in the Regular Army of the United States, under the provisions of title 10, United States Code, sections 3284 and 2298. All officers are subject to physical examination required by law:

TO BE FIRST LIEUTENANTS

Bean, Loring B., O78225.
Bear, Ben H., 2d, O73543.
Besel, Arlen D., O73491.
Bradby, Harold N., Jr., O73989.
Bramlet, James W., O78573.
Brassert, Charles A., Jr., O81590.
Burgoon, Kenneth L., O83641.
Callahan, James J., O78255.
Conneely, Martin F. X., O84077.
Del Camp, Adrian L., O81619.
Donner, William O., Jr., O73998.
Graham, Robert L., O77413.
Hanmer, Stephen R., Jr., O77427.
Hargett, Paul D., O78338.
Hatcher, Walter L., O81653.
Herlik, Querin E., O84084.
Jacobson, Jon A., Jr., O75215.
Kemp, Freddie L., O78384.
Lee, Ronald D., O73513.
Longshore, Robert L., Jr., O78406.
MacDonald, Frank H., O81692.
McCracken, Julian W., O84713.
McDermott, William L., O76408.
McNaul, James P., O73573.
McPheeters, Leander B., Jr., O74018.
Meserve, Edward N., O84527.
Miller, Carl S., Jr., O75253.
Muth, Arnold J., O74788.
Neighbors, James D., O80225.
Rabdau, James L., O84102.
Scherer, Franklin J., O84718.
Sumner, Brice S., O77718.
Taylor, Wesley L., O84533.
Thomas, David L., O84534.
Thompson, Jackson D., O74032.
Turain, George A., O84110.
Wages, Jerry S., O84537.
White, William T., Jr., O81760.

TO BE FIRST LIEUTENANTS, MEDICAL SERVICE CORPS

Chiel, Dante A., O76822.
Cuzick, William T., O84760.
Dean, John W., O84152.

TO BE FIRST LIEUTENANT, ARMY NURSE CORPS

Rhinehart, Grace A., N2836.

The following-named persons for appointment as chaplains in the Regular Army of the United States, in the grades specified, under the provisions of title 10, United States Code, sections 3285, 3286, 3287, and 3288:

TO BE MAJOR

Allan, James B., O542817.

TO BE FIRST LIEUTENANTS

Combs, Louis K., Jr., O2289550.
Forsythe, Walter D., O1941877.

The following-named persons for appointment in the Regular Army of the United States, in the grades specified, under the provisions of title 10, United States Code, sections 3285, 3286, 3287, and 3288:

TO BE MAJORS

Higgins, George W., Jr., O1060127.
Stansberry, Conrad L., O1304136.

TO BE CAPTAINS

Burnett, Neill C., O2210444.
Hobbs, William A., O2205135.
Richardson, Lyman C., O519704.

TO BE FIRST LIEUTENANTS

Benson, Theodore D., O4013868.
Brown, Don E., O4048950.
Crews, Roy A., O4042097.
Hedges, Oliver W., Jr., O4057774.
Ruth, Charles W., O1927828.
Smith, Jean E., O4025418.

TO BE SECOND LIEUTENANTS

Adams, Louis W., O5200590.
Bakeman, Charles D., O4077275.
Breckheimer, Donald G., O4065917.
Christensen, Neal R., O5503193.
Donnelly, Robert W., O4037870.
Greenwood, Walter A., O4047851.
Haase, William S., O5400974.
Haldane, Douglas W., O4038458.
Hampton, Emery W., O4047598.
Irish, Kenneth M., Jr., O5502812.
Irwin, Carl H., Jr., O4050034.
Johnson, Donald K., O4047254.
Jones, Clarence L., Jr., O4075258.
Kammer, Herman C., Jr., O5300542.
Klingbeil, Richard C., O4077229.
LaMar, Jay D., O4035362.
LasCasas, Vincent A., O4016665.
Lembcke, John D., O4033602.
Love, Harold M., O4010899.
Nelson, William J., O1924741.
Rarig, David A., O4013951.
Robinson, Bobby C., O4063207.
Stockhausen, William T., O4031796.
Winslow, John E., O5204488.

The following-named persons for appointment in the Regular Army of the United States, in the grades and corps specified, under the provisions of title 10, United States Code, sections 3285, 3286, 3287, 3288, 3291, 3292, 3294, and 3311:

TO BE CAPTAINS

Arbiter, David, MC, O5206333.
Baker, Frank L., DC, O4046570.
Blomer, Elizabeth A., ANC, N760882.
Chaffin, Frances V., WAC, L1010422.
Delaney, Marion P., ANC, N762405.
Holt, John E., DC, O2210983.
Kobayashi, Herbert M., DC, O4046554.
Moore, Leota M., ANC, N737746.
Wood, Robert L., JAGC, O956312.

TO BE FIRST LIEUTENANTS

Briot, William R., MSC, O4019673.
Cabell, Ben M., MSC, O995047.
Demaree, Gale E., MSC, O1930183.
Donato, Joseph J., MSC, O1880236.
Easton, Howard V., MSC, O4006814.
Eslick, Joyce E., WAC, L1020660.
Green, Ira J., MC.
Hawkins, William H., MSC, O4006287.
Hughes, Joe C., MSC, O4049012.
Hovind, Virginia D., ANC, N805743.
Jezouit, Helen R., ANC, N902292.
Rupert, Harry W., Jr., JAGC, O2295189.

TO BE SECOND LIEUTENANTS

Bayne, Calvin, MSC, O4059789.
Black, Edward J., Jr., MSC, O5400949.
Bock, William, Jr., MSC, O5301942.
Borek, Thomas W., MSC, O5002183.
Boroski, Marvin R., MSC, O5502119.
Brand, Fred C., MSC, O5505137.
Brooks, Benjamin A., MSC, O5504614.
Cancilla, Anthony G., Jr., MSC, O4067007.
Casasanta, John J., MSC, O4069971.
Cooper, James D., MSC, O2287360.
Danielson, John J., MSC, O4065931.
Emmons, Bobby B., MSC, O5401482.
Franck, Charles D., MSC, O5302368.
Gaffney, John P., MSC, O5701788.
Glynn, Michael G., MSC, O5201059.
Gourley, John H., MSC, O2288995.
Herndon, Joseph E., Jr., MSC, O2288960.
Hickey, George J., Jr., MSC, O4065551.
Hobbs, Robert J., Jr., MSC, O5301761.
Jenkins, William N., MSC, O5505924.
King, Robert M., MSC, O5505197.
Kleber, Robert E., MSC, O5000128.
LaLuzerne, Ronald J., MSC, O4060291.
Leach, William O., MSC, O5506543.
McMahon, George E., MSC, O5205563.

The following-named distinguished military student for appointment in the Medical Service Corps, Regular Army of the United States, in the grade of second lieutenant, under the provisions of title 10, United States Code, sections 3285, 3286, 3287, and 3288:

Cobbs, John R.

The following-named distinguished military students for appointment in the Regular Army of the United States, in the grade of second lieutenant, under the provisions of title 10, United States Code, sections 3285, 3286, 3287, and 3288:

Barrow, John P.
Fleming, Lynn M.
Gracey, Lloyd F., Jr.
Krause, David H.
Lamb, Richard D.
MacAlister, James N.
Mezins, Nikolajs
Sharp, John B.
Young, Leon A.

HOUSE OF REPRESENTATIVES

THURSDAY, FEBRUARY 26, 1959

The House met at 12 o'clock noon.

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

Amos 5: 24: *Let judgment run down as waters, and righteousness as a mighty stream.*

O Thou great God of all goodness, may our minds and hearts daily turn instinctively unto Thee to learn what Thou dost will and command.

We pray that the strifes and divisions which exist among the nations of the earth may soon come to an end and that men everywhere may be united in the bonds of a strong and abiding fellowship.

Grant that the blessings of Thy grace and favor may continue to rest upon the citizens of our beloved country as we pursue the ways which make for peace and brotherhood.

Hear us in the name of our Lord and Saviour. 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. Miller, one of his secretaries.

EXECUTIVE COMMUNICATION NO. 553

Mr. VINSON. Mr. Speaker, I ask unanimous consent that executive communication No. 553, referred to the Committee on Armed Services on February 12, 1959, be rereferred to the Committee on Post Office and Civil Service.

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

There was no objection.

WATERSHED PROTECTION AND FLOOD PREVENTION ACT

The SPEAKER laid before the House the following communication, which was read and referred to the Committee on Appropriations:

FEBRUARY 25, 1959.

Hon. SAM RAYBURN,
The Speaker, U.S. House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: Pursuant to the provisions of section 2 of the Watershed Pro-

tection and Flood Prevention Act, as amended, the Committee on Agriculture has today considered the work plans transmitted to you by Executive Communication 606 and referred to this committee and unanimously approved each of such plans. The work plans involved are:

STATE AND WATERSHED
Kansas and Nebraska: Walnut Creek.
Mississippi: Gray's Creek.
Ohio: Upper Wabash.
Oklahoma: Salt Creek.

Sincerely yours,

HAROLD D. COOLEY,
Chairman.

DR. FLORENCE RENA SABIN

The SPEAKER. The Chair recognizes the gentleman from Colorado [Mr. JOHNSON].

Mr. JOHNSON of Colorado. Mr. Speaker, I wish to take this occasion to invite the Members to attend a special ceremony at 2 p.m. this afternoon in the Capitol rotunda. At that time the State of Colorado will present its first entry in Statuary Hall.

I was one of those who had the great fortune to know the person who will be permanently honored here beginning today, and indeed I was fortunate to have had a hand, while serving in the Colorado General Assembly, in the resolution that chose this famous Coloradan for this signal honor.

Many States have chosen to honor men who have been political or military leaders, but we have chosen to honor a woman. She held no great elective office, and she never ran for office. She was, however, like others honored in this Capitol, a great pioneer. Dr. Florence Rena Sabin was born in the congressional district I represent, in a frontier mining community still called Central City. Her father and mother were pioneers in the historical sense, in the Colorado gold rush. Indeed, this year we commemorate the centennial of our gold discovery with a year-long festival called the "Rush to the Rockies."

Dr. Sabin was a pioneer in her own right and in many ways. Orphaned at an early age, she suffered adversities with no family in a rough mountain environment, but rose to surmount them through a devotion to education and human welfare which has left its mark. Dr. Sabin was a pioneer in many ways. Just contemplate some of her firsts:

First woman elected to honorary life membership in the New York Academy of Sciences.

First woman to earn a medical degree from Johns Hopkins.

First woman to teach at Johns Hopkins Medical School, or any college of medicine.

First woman member of the Rockefeller Institute for Medical Research.

First woman to serve as president of the American Association of Anatomists.

First woman to be elected to the National Academy of Sciences.

First and only Coloradan to win a place in the National Hall of Fame.

Finally, the first Coloradan to be memorialized in the Nation's Capitol.

But Dr. Sabin was more than a pioneer in the limited first sense. Her research on the lymphatics, the blood cells and vessels, bone marrow, and tuberculosis, have won for her the highest recognition of her profession. Indeed, 4 years after she joined the staff of the Rockefeller Institute for Medical Research, the institute's head of medical research, Dr. Simon Flexner, called her the greatest living woman scientist and one of the foremost scientists of all time. If you like, she was a pioneer in her work on the structure of the lymph glands and the lymphatic process.

Her pioneering work lives on, as living researchers build on the knowledge she acquired for the field of medicine. I am proud to say she was the finest kind of soldier, fighting all mankind's war against disease, just as in her life she also fought discrimination against women, and bigotry.

Mr. Speaker, she was a pioneer even in what should have been her retirement. She served Colorado in advanced years when one might have expected her to be resting from her lifelong labors. Her strong conscience aroused by the limitations of the public health facilities that she found in her native State, she toured Colorado many times to arouse public interest. Her crusade revitalized our whole public health program.

Dr. Sabin was also a great teacher, but her talents were not confined to the classroom, the laboratory, nor even to the cause of public health. The U.S. Senate in her late years honored her by appointing her to the advisory council on social security, named by our distinguished late Senator Eugene Millikin. She served with distinction and helped that council prepare reports that contributed appreciably to the reforms since enacted to improve our social security program.

Even then, however, Dr. Sabin was not allowed to retire. Mayor Quigg Newton of Denver, aware of her deep love of humanity, named her to be manager of health and welfare in that rapidly growing metropolis. She cleaned out disease-breeding trash dumps, improved sewage disposal, and got rid of rats. Denver's infant and maternal mortality rates reached a new low, and the city's tuberculosis death rate was halved.

Mr. Speaker, it was my great good fortune to know Dr. Sabin in both of these last two capacities, and to come to appreciate her great humanity, her deep humility, her scholarly wisdom, and her infinite patience.

Likewise, Mr. Speaker, it is my good fortune today to serves as a Member of Congress and be able to participate in our reception of this lasting bronze memorial. It is a recognition that her great life so deservedly merits.

Again, let me repeat my invitation to all my colleagues to share with us of Colorado in this dedication today at 2 p.m.

THE LATE SID SIMPSON

The SPEAKER. The Chair recognizes the gentleman from Illinois [Mr. ALLEN].

Mr. ALLEN. Mr. Speaker, I have the sad duty—one which I little thought would ever befall me—of officially announcing to the House of Representatives the death of our beloved colleague, SID SIMPSON, who passed away on October 26, 1958.

Congressman SIMPSON had represented the 20th Illinois District since the 78th Congress; and it was on October 26, 1958, while he was campaigning for reelection to this Congress that he was stricken with a fatal heart attack only moments after dedicating a new hospital at Pittsfield, Ill. His beloved wife, EDNA SIMPSON—whom we are honored to have with us as a Member of this body—was at his side at the time of his death.

Representative SIMPSON was born in Carrollton, Ill., on September 20, 1893, and received his education at the Carrollton public school. He served his country with the American Expeditionary Forces during World War I, and was one of the founders of the American Legion. He was a businessman, having had his own business for 40 years. Always active in politics, he had just retired as chairman of the Greene County, Ill., Republican Committee—a post he had held for 28 years.

His friendliness and his devotion to his duties were his two outstanding characteristics. He attained recognition and high rank on the important Agriculture Committee and served as chairman of the District of Columbia Committee during the 83d Congress. He, also served as a member of the National Republican Congressional Committee, and as vice chairman of the National Rivers and Harbors Congress.

Our late beloved colleague used his every honest effort to bring about a lasting world peace; communism had no greater foe. He dedicated himself to the proposition that we have the "best form of Government for the people in the history of the world," and he emphasized that we must fight to keep it the best Government.

He believed that honor went to those who achieved success by hard work and he practiced that principle. He also believed that it was the duty of the Government to give the people the kind and the amount of government they need at a price they can afford to pay.

Our late colleague is survived by his charming wife, and two lovely daughters, Mrs. Arthur Stoffel, Jr., of Racine, Wis., and Janet, who is working with her mother to carry on the fine representation Congressman SIMPSON for so many years afforded the people of the 20th Illinois District.

There was no formality about our beloved colleague; he was known as "SID" to all of us.

SID was a lovable soul, and it was my privilege to have had him as a close, personal friend. He possessed the finest of traits—as a husband, as a father, as a friend, as a legislator, and as a businessman. He had an unequaled sense of humor, and how we miss it in these Halls. SID was loyal, always sincere, always fair.

His loss is such a personal one with me that it is difficult for me to say all that is in my heart.

When I think of SID, I can only console myself with the oft-quoted and

beautifully expressed words of James Whitcomb Riley:

I cannot say and will not say
That he is dead. He is just away.
With a cheery smile and a wave of the hand
He has wandered into an unknown land
And left us dreaming how very fair
It needs must be, since he lingers there.

And you—Oh, you, who have the wildest yearn
For the old-time step and the glad return,
Think of him faring on, as dear
In the love of there as the love of here.
Think of him still as the same, I say,
He is not dead—he is just away.

My profound sympathy goes out to Mrs. SIMPSON, to Janet, to Martha. I can only say that time will bring them consolation in their many cherished memories of SID; in the knowledge that his life was full and overflowing with kindness, good deeds, and devotion to his family and country.

Our dear friend SID has not left our midst—"He is just away."

Mr. AMENDS. 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 Illinois?

There was no objection.

Mr. ARENDS. Mr. Speaker, no one could have a closer friend, nor a better one, than I had in SID SIMPSON. We consulted with each other on many matters, each of us well knowing that we could always rely upon an utterly frank expression of opinion. Whether he agreed with you or not, SID was one of those individuals that said exactly what he thought. I always found in him a man of convictions with the courage of his convictions to express them frankly.

SID was an outstanding Member of this body. He served his district well. This is attested to by the number of years he served with us. As a member of the Committee on Agriculture, he contributed much to the farm area he represented and contributed much to our deliberations on various farm problems.

He had a keen sense of humor. Often his humor in stories and anecdotes were not solely to amuse but to make a point. With an anecdote he could say more pointedly and more emphatically than many of us could say with many words.

With the passing of SID SIMPSON there is indeed a void in this House. I miss him not only as a colleague. I miss him as a personal friend of long standing.

His lovely wife is serving here in his place. I extend to her, and to his two wonderful daughters my sincere sympathy. Theirs is a great loss. We share that loss with them.

Mr. ALLEN. Mr. Speaker, I yield to the gentleman from Illinois [Mr. MASON].

Mr. MASON. Mr. Speaker, the sudden and untimely death of our colleague SID SIMPSON is evidence of the fact that in life we are in the midst of death. It is difficult on occasions like this to find proper and adequate words to express our feelings. Because I feel the inadequacy of my vocabulary to express the proper feeling, I shall use the beautiful words of an unknown poet who expressed the hope and faith that we all need, and consolation and solace for those who have been left behind.

The poem is entitled "There Is No Death."

There is no death! the stars go down
To rise upon some other shore,
And bright in heaven's jeweled crown
They shine forevermore.

There is no death! the dust we tread
Shall change beneath the summer showers
To golden grain, or mellow fruit,
Or rainbow tinted flowers.

There is no death! although we grieve
When beautiful familiar forms
That we have learned to love
Are torn from our embracing arms.

Although with bowed and breaking heart,
With sable garb and silent tread
We bear their senseless dust to earth,
And SAY that they are dead.

They are not dead! they have but passed
Beyond the mists that blind us here
Into the new and larger life
Of that serener sphere.

Tho' disenthralled and glorified,
They still are here and love us yet:
The dear ones they have left behind
They never can forget.

Mr. ALLEN. Mr. Speaker, I yield to the gentleman from Massachusetts [Mr. MARTIN].

Mr. MARTIN. Mr. Speaker, I join with my good friend, the chairman of the Illinois Republican delegation, Mr. ALLEN, in paying tribute to a beloved friend and colleague.

During his many years in Congress SID SIMPSON won the respect and esteem of all of us regardless of political faith. He was a man of great ability and of fine courage and was devoted to the service of his State and country. As a member of the Committee on Agriculture and the District of Columbia, he made notable contributions.

He was a man of solid commonsense and had a practical knowledge of problems that gave him great influence among his associates.

In the passing of SID SIMPSON his legion of friends have suffered a great loss, and to Mrs. SIMPSON and her family we extend our sincere sympathy. To Mrs. SIMPSON, who is so bravely and efficiently carrying on the work of her beloved husband, we particularly voice our deep regrets.

SID SIMPSON served his day and generation with distinction, and he will be ever remembered as a good, true friend and a great American.

Mr. ALLEN. Mr. Speaker, I yield to the gentleman from Oklahoma [Mr. ALBERT].

Mr. ALBERT. Mr. Speaker, I join the distinguished gentleman from Illinois and his colleagues from that great State in their expression of tribute to the life and service of our late beloved colleague. It was my honor and privilege to serve for many years on the Committee on Agriculture with SID SIMPSON. He was one of the finest members of our committee, as, indeed, he was one of the finest Members of this House. He was a man of great ability. He was kind. He was considerate of others. He had a sense of humor which carried him through the many problems which confronted him as a representative of a great district in a troublesome era.

I join the gentleman in extending to his widow, our distinguished colleague, Mrs. SIMPSON, and their children my own personal regrets, and I extend to them, too, the deepest sympathy of Mrs. Albert in their bereavement. They have lost a wonderful husband and father. We have all lost a dear friend. Our country has lost a great legislator and statesman.

Mr. ALLEN. Mr. Speaker, I yield to the gentlewoman from Illinois [Mrs. CHURCH].

Mrs. CHURCH. Mr. Speaker, to many of us it is incredible that we are here called upon to pay tribute to our own SID SIMPSON, whose warmth of heart, whose gaiety of spirit, seem so close that we cannot yet realize that he has gone. He represented a great State, and a great district in that State. I think perhaps more than any other man in the House he would often say: "I know what my district thinks of this." He never failed to vote that way.

I like to think of him as I knew him as a friend, as I saw him with his family, as I watched him walk among his own people, humble, capable, full of the confidence that a man who has succeeded by his own effort manages to achieve. I like to think of him as he was here last summer, still laughing with us, still loving to play an occasional trick on LES ARENDS by going down to the floor of the House indicating that he might change his vote, when he had no intention of doing so. I like to think of him as he stood and said, when others left, "There is no death." Today we know that to be true about SID SIMPSON himself. We, of Illinois, will always miss his practical mind, his keen judgment, and his warm friendliness. We know something else—we know that with full vigor, with unstinting industry, with unsurpassed loyalty to our great country, he gave his yesterdays that we who remain may carry on today and tomorrow in the path that he outlined so clearly for us.

To his family I continue to offer my understanding and affectionate sympathy. We, who loved him too, appreciate the depth of their loss.

Mr. ALLEN. Mr. Speaker, I yield to my colleague, the gentleman from Illinois [Mr. SPRINGER].

Mr. SPRINGER. Mr. Speaker, I wish I could gather together all of those who have served in this House since 1940. I know they would join me in saying "In losing SID SIMPSON we have lost a friend."

SID SIMPSON was a man of deep conviction and sincere in his devotion to the political philosophy which he advocated. His long record in the Congress is evidence of his ability to sustain that belief.

His was a full life and his achievements for his own people were countless. For almost 30 years he served his community, his State, and his Nation—in one capacity or another.

Thomas Carlyle, in a great essay, said that the truly great man was one who possessed a healthy soul, attuned to the laws of God, as well as a healthy body, attuned to the laws of nature. During

the years I knew SID SIMPSON, I found him possessed of this standard of true greatness.

All of us in the House, regardless of party, looked upon SID SIMPSON with an affection that was not only deep but personal. And in his community he was regarded as a friend by every family who hoped he would drop in for a visit.

This genuine and unaffected interest in other's problems was the characteristic that set him apart from other men.

He was gentle, he had the gentleness of a strong man who had no need to cover up weakness. He was witty and it was a kindly wit which carried not a trace of malice.

As a result, people who knew him were happy with him and sad when he was sad. This resulted in close friendships often denied us who do not have these rare qualities.

Death must come to all of us, at some time. I wonder if many of us could have met death at a better or more appropriate time.

He was dedicating a hospital in his district. For one who had a serious ailment for so long—and keeping it to himself—he must have realized the value of such an institution. I cannot believe that SID SIMPSON could have chosen a better opportunity to depart this life than that which fate directed for him.

He was doing what he liked best—helping others in a great cause—speaking for better health facilities for his people.

I have been his friend—and he mine—for over 10 years. He was a public servant whose counsel and advice I sought and respected. In SID SIMPSON, I lose not only a good friend but a valued colleague of whom I have only the fondest and happiest of recollection and experience.

Mr. ALLEN. Mr. Speaker, I yield to the gentleman from Iowa [Mr. HOEVEN].

Mr. HOEVEN. Mr. Speaker, SID SIMPSON and I came to Washington together as Members of the 78th Congress. Throughout the years we were closely associated as members of the Committee on Agriculture. Representing agricultural districts, we had many common interests and problems.

SID SIMPSON was one of the most astute politicians I have ever known. If I am not mistaken, he served as Republican county chairman of his home county in Illinois throughout his service in the Congress. SID never had any trouble in being reelected, and his name was so well known in his district that upon his passing his widow was elected to take his place without any difficulty.

SID SIMPSON liked to tell stories, and some of the gems coming from his lips were priceless. He was well liked and respected by his colleagues and a host of friends. He was an able Representative who was very zealous in looking after the interests of his constituents. Conservative in thinking, he was that type of rugged American who thoroughly believed in the Constitution and the rights and prerogatives of the States. One always knew where SID SIMPSON stood on controversial issues, and once having made up his mind, he adhered to his honest convictions.

I regret SID's sudden passing. The Committee on Agriculture does not seem the same without him. The memory of his service here will linger with us in the days ahead. SID served well his day and generation, and I am confident that this old world is just a little better because SID SIMPSON lived and walked among us.

Mr. ALLEN. Mr. Speaker, I yield to the distinguished gentleman from Massachusetts [Mr. MCCORMACK].

Mr. MCCORMACK. Mr. Speaker, I was very grieved when I read of the death of my late dear friend, SID SIMPSON. God never made anyone better than SID SIMPSON. I do not know what more I can say. He was one of the grandest men I have ever met or that anyone ever will meet in the journey of life. I could talk about him all day, about the fine qualities he possessed and what he symbolized. I will make my remarks short and simply say the good Lord never made anyone better than SID SIMPSON.

Mr. ALLEN. Mr. Speaker, I yield to the gentleman from Wisconsin [Mr. BYRNES].

Mr. BYRNES of Wisconsin. Mr. Speaker, I am sure the gentleman from Illinois [Mr. ALLEN] in his opening remarks expressed what is in the hearts of all of us with respect to our late colleague, SID SIMPSON. Certainly he was a conscientious legislator and public servant, and to all of us a wonderful friend. We all, I am sure, will miss him greatly.

To his wife and daughters I wish to express my heartfelt sympathy.

Mr. ALLEN. Mr. Speaker, I yield to the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Speaker, SID SIMPSON represented as much as any man I ever knew the spirit of Illinois. His were the attributes of simplicity, of humility, of industry, of understanding of persons on all levels, and of straightforwardness that characterized Abe Lincoln. In many ways he seemed to me a modern Lincoln. He had no affectations. He never bowed the knee to pretense. He was as gracious with the humblest as with the mightiest. This, Mr. Speaker, is one of the truest measures of greatness. No person is ever great who has in his character the flaw of pretense, because to pretend is to deny the purpose of man's creation as a human instrumentality of God's purpose.

No man ever lived further from pretense than SID SIMPSON. No man ever lived closer to all his fellow men—and, Mr. Speaker, I would say in this closer to God—than SID SIMPSON. And always he lived with a smile. Always when I shall think of SID SIMPSON I will think of that smile of his, a smile that reflected his love for his fellow man and his faith that all was for the best. When one has that faith of SID SIMPSON's the problems of the moment are dissolved in the assurance that the storms of the moment will be succeeded by the sunshine.

SID SIMPSON was my beloved friend for many years. Every day the horizons of my world narrow. They were very much narrowed when the word came to me that SID SIMPSON had passed away. To his widow, always so close to him in life, and to the children so deep in his affection goes my profound sympathy. They have the heritage of priceless memories.

SID SIMPSON was a Republican, a Republican Member of this Congress, and a Republican leader in his district and in Illinois. Yet I do not think that party lines counted too much with SID SIMPSON and his constituents. There are differences in political philosophies and in partisan approach to legislation but the clash of philosophies and of partisanship is, as we in the Congress all know, magnified beyond the measure of reality. SID SIMPSON was elected from a district in Illinois that had sent to the Congress one of its great Speakers, the Honorable Henry A. Rainey, a Democrat. He came from a district that had sent to the House the Honorable Scott Lucas, a Democrat who later was elected to and became majority leader in the other body. It was a Democratic district and I doubt if any other person than SID SIMPSON could have carried it for the Republican Party. Election after election he won in a gallop, not necessarily because he was a Republican, but certainly in no little measure because he was just SID SIMPSON. In his passing Illinois has lost a distinguished and beloved son who carried on in his service to the Nation the finest traditions of our State.

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

Mr. ALLEN. I yield to the gentleman from Illinois.

Mr. MICHEL. Mr. Speaker, last fall in the closing days of the campaign, I was terribly shaken, when driving home from one of my meetings, to learn via the radio waves of SID SIMPSON's fatal heart attack that evening. None of us who knew SID so well would have suspected that he would be taken from us so suddenly. Never did I hear him complain of suffering any physical discomfort, and if he did, he was not the kind to burden another with his distress. While small of stature, he was a pillar in his community and a tower of strength to all those who knew him, loved him, and respected him.

I cannot help but recall how evident this was when we attended the funeral in SID's hometown of Carrollton, Ill. When the hosts of people gathered from far and near to pay their last respects, we found the citizens of Carrollton stunned and sorely grieved for one who lived and played so big a role in their community. Flags at half-mast stretched a cordon around the entire downtown area, and one could feel with heavy heart and deep emotion that here was a man for whom the entire Nation mourned.

Much has already been spoken, and many more kind words will be said about the life and character of SID SIMPSON this afternoon. I would simply concur in all the good things spoken about SID, for to me he was always considerate of others, although standing firm for his own convictions. He was soft spoken but determined; gentle but unwavering. I sought his wise counsel and good judgment many times and always found it to be sound.

Personally I have suffered the loss of a warm friend and fatherly counselor. This House has lost one of its most tried, tested, and valued Members. The country has lost a devoted, dedicated, patriotic public servant. And to EDNA and the girls, I know the loss is unspeakable, and hope some small measure of comfort will be theirs in the knowledge that we here share their profound loss.

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

Mr. ALLEN. I yield to the gentleman from Illinois [Mr. BOYLE].

Mr. BOYLE. Mr. Speaker, I wish to pay tribute to a man whose passing has filled our hearts with sorrow, our late colleague from the 20th Congressional District of Illinois, the Honorable SID SIMPSON.

He was born at Carrollton, in Greene County, Ill., where he was engaged in business for 30 years. In that community he served his political party as Republican chairman of Greene County for a period of 30 years.

During World War I, SID SIMPSON was with the American Expeditionary Force in France and became a charter member of the American Legion.

On January 3, 1943, he first took the oath of office in this Chamber as an elected Representative of the 20th District of Illinois and until the time of his death, October 25, 1958, he was a faithful servant of his people.

Our late colleague performed his duties and pursued his way with little agitation or acclaim. He was a sincere and able representative of his constituency, as indicated by the press comments at the time of death—that he was "an unbeatable candidate."

As senior Republican member of the House District Committee, SID SIMPSON was chairman of that committee during the 83d Congress. He had been a member of that committee since he came to Congress in 1943, and never ceased his activity and interest in legislation relating to his Nation's Capital.

He was third-ranking Republican member of the House Agriculture Committee, where he had served all but the first 4 years of his 16 in Congress.

His many years of public service gave him a great knowledge of the practical side of lawmaking. He made a host of friends both in and out of Congress. He regarded the problems of others as his own. Many a citizen in his district can testify to acts of kindness by him.

During the closing weeks of the 2d session of the 85th Congress, toward the end of August, Mr. SIMPSON joined with other Members of the House of Representatives to pay tribute to a Member from Illinois who was retiring from the House. The pages of the CONGRESSIONAL RECORD record among his remarks these words, "Only time will tell whether a person belongs to the ages." And so today we pause to pay tribute to one whose public service is now marked for recognition in the history of this legislative body.

Like most quite individuals, SID SIMPSON was a careful and consistent student of legislation. He was a great believer in the truth. He went about his work of ruling himself and of legislating for his Nation with that quiet confidence, that modest earnestness, which marks a gentleman who believes in good government.

To the people of Illinois, he was more than just a man whose material existence extended over 15 years in the Congress of the United States. One in public life certainly does not have an easy life—often criticized, misunderstood, and falsely accused. Those of us who knew this man knew him to be modest, cautious, and honest. It took fortitude and strength of character, plus an undaunted honesty, to withhold a statement of opinion upon a controversial subject until after he was satisfied that he had recognized in his thinking all the facts in the case.

In his associations as a public servant, I am reminded of one particular characteristic that stands out clearly in the minds of those who knew him, namely, his faith in his fellow men. He always behaved as a plain, straightforward, and conscientious official, meeting everybody on the same level and keeping an eye single to the public good.

To his courageous wife, and two daughters, who have carried on with exemplary faith, I extend my deepest sympathy. May their bereavement grow less poignant every day so that their loss may be only akin to pain—resembling sorrow as the mist resembles the rain.

Mr. RAYBURN. SID SIMPSON's passing touches us all deeply. He was a good and true man. His gentleness was recognized by all. He was a gentleman of the first order.

Mr. HALLECK. Mr. Speaker, what does one say to adequately express the deep sense of loss at the death of a friend?

Those of us who knew SID SIMPSON through the years as one of our beloved colleagues will remember him as long as memory lasts.

We will remember him for his keen sense of humor, a capacity for seeing the lighter side of life, which time after time helped so much to leaven the workaday cares here on the floor of this Chamber.

I will always remember SID, not only as a colleague but as a companion who asked nothing of his fellow men but their good will.

We will remember him for his fierce loyalty to the party of his choice, the Republican Party, for which he worked with such untiring devotion for so many, many years.

And we will remember SID SIMPSON for his effectiveness as a distinguished member of the Committee on Agriculture, to which he made so many fine contributions during his career in the Congress of the United States.

I have often said that the frequency with which a Member appears in the well of the House is not a true measure of a man's worth to the legislative processes.

Many of our most valued colleagues do their most effective work in the long hours of committee study and deliberation.

SID SIMPSON was one of those.

I received the word of his passing last fall with shock and sadness, and I miss him sorely.

To his bereaved widow, who is now among us, and to his daughters, I offer my heartfelt sympathies.

Mr. LIBONATI. Mr. Speaker, it is with deep feelings of great sorrow that I pause to eulogize the memory and lifework of my dear, intimate friend and colleague, SID SIMPSON. He departed this life on the 26th day of October 1958 scarcely a week before the eve of his election to a ninth term in the Congress.

SID SIMPSON was a true patriot—he served in the AEF in World War I and, as an active member of the American Legion Post at Carrollton, Greene County, Ill., was always in the forefront serving the veterans and their families in their needs and problems. He, as a founder of the American Legion, also attended the Legion conventions and participated in the debates and committee activities.

He was always interested in State legislative matters. He corresponded with members of the Illinois General Assembly on matters affecting business and farm interests, and during my membership—22 years in the Senate and House of Representatives—he frequently visited me in Springfield and made known his interests in these matters.

SID SIMPSON was a person of strong and positive principles and could not be swayed by purely emotional appeals or on arguments based on factless data and without the logical sequence of reason in straight thinking. He was unswerving in his loyalty to Republican principles.

He was a person who valued his friendships and enjoyed being with them. He was devoted to his family and was always happiest in the company of his dear wife, EDNA, who functioned as his business, legislative, and political partner, both in his activities in Washington and campaigning at home. He lived and died a Republican leader in his community. She experienced the ultimate proof of her public acceptance on the drafting of her candidacy and her election to the office within scarcely 1 week. It was just what he would have asked for from the Republican Party as the final blessing to his memory and career.

We loved SID and he, in his quiet, gentle, and knowing way, responded with a warmth of feeling. The Nation and Illinois have lost a valued statesman and patriot. We mourn and pray with his two lovely daughters and his sweet, loving wife, the talented Congresswoman, EDNA SIMPSON, that God grant him his merited reward of peace everlasting, for a life of sacred service to his Nation and fellow man.

Mr. CHIPERFIELD. Mr. Speaker, I was grieved and shocked to learn of the sudden passing last fall of my colleague and friend, SID SIMPSON.

He always impressed me with his sincerity, his forthrightness and his utter simplicity.

I personally knew many of his constituents as prior to the last redistricting of Illinois I had the honor to represent part of the district which SID later

served. We worked in close cooperation on matters of mutual interest to the State of Illinois, and our respective districts.

SID'S people believed in his integrity and his courage to face up to an issue. They always spoke to me most highly of his fine service.

He was known as an outstanding authority on farming and dairy products, and was an able member of the House Agriculture Committee. Many of his colleagues leaned heavily upon him for advice in this field. He also had wide business experience which assured a sound approach on legislative matters.

SID was a hard worker, devoted to his duties and to his country. He had an attendance record second to none.

The State of Illinois and the Nation has lost one of its outstanding legislators and foremost citizens. Personally I have lost a warm friend, one for whom I had great regard and affection.

I join with my colleagues in expressing sympathy to his wife and family.

Mr. ALLEN. Mr. Speaker, I yield to the gentleman from Tennessee [Mr. BASS].

Mr. BASS of Tennessee. Mr. Speaker, I join my colleagues today in paying tribute to the memory and life of SID SIMPSON. I can say that I knew him well, I liked him very much, and his passing gave me a profound grief. Some of the most pleasant experiences I have had while a Member of Congress have been in association with SID SIMPSON. I served with him on the Committee on Agriculture where I found him to be a hard worker, a sincere man, and a dedicated public servant.

I was a member of the same golf club with SID and I know him as a man who knew how to live. He enjoyed life.

In my last conversation with SID he was telling me that he hoped in the near future to have his service behind him so that he could relax and enjoy life after a busy life as a businessman and a Member of Congress.

I extend to his charming wife and his lovely daughter, my deepest sympathy and condolence in their grief.

Mr. ALLEN. Mr. Speaker, I yield to the gentleman from Illinois [Mr. DERWINSKI].

Mr. DERWINSKI. Mr. Speaker, although I was not privileged to be a Member of this distinguished body when the late Honorable SID SIMPSON served as a Member from Illinois 20th District, I want to join my colleagues here today in paying tribute to this great American.

SID SIMPSON was known to all of us in Illinois for his service to the people of his district and the State. It was a sad day for the country, the State, and the Republican Party when he departed from us. We must admire men of his stature for their honest approach to government and their demonstrated integrity.

I knew of SID SIMPSON through his close friendship with my distinguished predecessor from the Fourth District of Illinois, the late Dr. William McVey, who also died in office last year. Dr. McVey spoke to me often about Congressman SIMPSON'S dedication to duty and the people of his district, and certainly his opinion of men with whom he was in daily contact can only be respected.

The respect that the late SID SIMPSON received from the people of the 20th District of Illinois for the 14 years he was their Representative serves as a public endorsement of his integrity. I know, too, that his integrity, ability, and above all his devotion to his duty as a Congressman, was known and appreciated throughout the State.

He was a great man and I join my colleagues in paying tribute to his memory.

Mr. ALLEN. Mr. Speaker, I yield to the gentleman from Illinois [Mr. HOFFMAN].

Mr. HOFFMAN of Illinois. Mr. Speaker, I join my colleagues in paying tribute today to the memory of SID SIMPSON. While it was not my privilege to serve with him as a Member of this House, I knew Congressman SIMPSON personally for many years and of his faithful, able and distinctive representation of the 20th District of Illinois for eight consecutive terms.

Congressman SIMPSON brought to the House a warm and deep understanding of the problems, hopes and wishes, not only of his district but the State of Illinois. His own philosophies and deep-seated devotion to his duties and responsibilities were known to every one. His complete dedication to service was certainly illustrated in his last few moments when he spoke at the dedication of a new addition to the Illini Hospital at Pittsfield.

I first knew SID as a county chairman. For 22 years he served Greene County, Ill., as its Republican county chairman. For 22 years his fellow committeemen recognized him as an outstanding leader. For 10 years the Republican county chairmen of Illinois recognized his ability by electing an officer of the Illinois Republican County Chairman's Association. His outstanding leadership and his ability to analyze political problems were known throughout the State.

I well recall an incident that happened a few years ago. I asked him to come to my county and make a speech. It involved a trip of some 400 miles, but SID appeared. The remarkable part of it was that both of his arms were broken and in casts. To me this typified the man's relentless service to his fellow human beings.

I made this statement during his lifetime, and I would like to make it again today. In my opinion, SID SIMPSON came closer to being an Abraham Lincoln than anyone else I know. His district and the State of Illinois lost an able Representative, and I, a true friend.

Mrs. Hoffman and I extend to his wife, EDNA, and all the other members of his family our deepest sympathies and warm affections.

Mr. ALLEN. I yield to the gentleman from Mississippi [Mr. ABERNETHY].

Mr. ABERNETHY. Mr. Speaker, I would like to join my distinguished colleague the gentleman from Illinois [Mr. ALLEN] and the other Members of the Illinois delegation in the sentiment that has been expressed regarding the passing of our colleague, SID SIMPSON. I came into the Congress with SID SIMPSON in 1943. I knew him well. I learned to know him early in my service here. I was assigned to the Committee on Agriculture and also to the Committee on the District of Columbia, on which we served together. During my service on those committees I came to know and love SID SIMPSON as well as any Member I have ever known. SID was a true, devoted public servant. He was scrupulous and fair. And, as one of the Members said a moment ago, he knew how to live. Indeed he did. He lived with ease; he lived freely, and he lived a good life, a life that has been worth something to his district, and to his State, and to his country. I was shocked terribly when I learned of SID'S passing. I could hardly believe that it was so. I always enjoyed his company, and I deeply appreciated his friendship. I would like to convey to his good wife, our colleague, and his children the sympathy of my family.

Mr. ALLEN. Mr. Speaker, I yield to the gentleman from Arkansas [Mr. GATHINGS].

Mr. GATHINGS. Mr. Speaker, as I was traveling about the First District of Arkansas last fall I was deeply grieved to hear a flash over the radio in my car of the passing of my good friend, SID SIMPSON. We were closely associated for many years on the Committee on Agriculture. He served on the Cotton Subcommittee and interested himself in the problems of this important commodity. The expressions that have been made here today bring out clearly the type of man SID SIMPSON was, when it was related that he fulfilled a speaking engagement with two broken arms. As a matter of fact, he had no cotton in his district, but year in and year out he attended the meetings of that subcommittee and gave of himself in the interest of problems of the cotton farmer. He is deeply missed in the Committee on Agriculture. I have lost a true friend—a friend that put service above self.

Mr. ALLEN. Mr. Speaker, I yield to the gentleman from New Jersey [Mr. AUCHINCLOSS].

Mr. AUCHINCLOSS. Mr. Speaker, I was indeed very much shocked when I learned of the sudden and untimely death of our late colleague, SID SIMPSON, who represented so well the 20th District of Illinois.

SID SIMPSON came to Congress the same time I did and I always valued our association and his friendship. We served together for many years on the Committee for the District of Columbia and his sane, wise approach to the many problems which confronted us were stimulating and constructive. He was an understanding character with an honest and straightforward manner with everyone which won him great respect and many friends. He served his constituency assiduously and well and fulfilled his responsibilities to them with zeal and fidelity.

His widow and children must be comforted in the knowledge that he was a faithful servant and be strengthened by his example of courage and devotion to duty.

Mr. ALLEN. Mr. Speaker, I yield to the gentleman from Illinois [Mr. COLLIER].

Mr. COLLIER. Mr. Speaker, I deem it a solemn privilege to join my colleagues on this sad occasion in paying tribute to our former colleague, SID SIMPSON of my State. In the 2 years of my association with him, I learned to value, as most of you did, his knowledge, his wisdom, and his willingness at all times to be of assistance to all of us, particularly the new Members. It is fitting that in this session of the Congress we have his very able wife as a Member of this body to carry on the fine work that SID did for so many years. I know that we all have missed him and shall continue to do so. His district has lost a very fine Representative, and the country has lost a great American.

Mr. ALLEN. Mr. Speaker, I yield to the gentleman from Ohio [Mr. FEIGHAN].

Mr. FEIGHAN. Mr. Speaker, the passing of my very dear friend, SID SIMPSON, came to me as a harsh shock. It was my privilege to come to Congress the same day SID came. For 4 years I served with him as a member of the District of Columbia Committee, and for 12 years thereafter it was my pleasure to have my office suite adjoining his. During those 16 years I came to know SID SIMPSON extremely well and I had a warm regard for him. We were neighbors in the truest sense and SID rarely left his office in the evening without saying a friendly good night. Mr. SIMPSON passed my office on his homeward way in the evening and many times when both of us had worked late, he would stop at my door for a few brief words, filled with humor, which seemed to lighten the burdens of the day. Often, on occasions during the day when I visited SID in his office, I found his cheerful mood, his friendly spirit, and his keen sense of humor as refreshing as a new day.

SID was perhaps the greatest raconteur who has ever been in Congress. His tremendous popularity was not confined to his district alone. Everyone with whom he came in contact felt the warmth and sincerity of his magnetic personality. The words of a former director of publicity for the Democratic National Committee expressed succinctly the feeling for SID by people who knew him, when he said: "How could anyone ever vote against SID?"

To Mrs. SIMPSON, their two charming daughters, and grandchildren, of whom he was so proud and to whom he was so devoted, I express my sincere sympathy.

Mr. PRICE. Mr. Speaker, I knew SID SIMPSON long before I sat in this Chamber as a Member. If you lived in the area in which I live, even though almost 75 miles from Carrollton, SID'S beloved home community, it would have been difficult not to know him—so general was his reputation as a good neighbor and fine friend.

I was close enough to him personally to know his fine qualities and lived close enough to his home in Greene County to know the great admiration his people held for him. His friends were found by the hundreds beyond his district boundaries, and in particular were they numerous in Madison County in my own district. They spoke with enthusiasm and respect whenever they mentioned their friend, SID SIMPSON.

I seldom made a trip home without finding many of my own personal friends solicitous about SID SIMPSON. He generated a warmth that left the kindest of feelings with everyone who had the pleasure of knowing him.

To Mrs. SIMPSON and her family I extend my deepest sympathy.

Mr. O'BRIEN of Illinois. Mr. Speaker, as the dean of the Democratic Illinois delegation, and as a warm personal friend of the late Congressman since 1943, I was sad to learn of his death, when on October 25, 1958, the Nation lost an outstanding Member of Congress. We lost a colleague and a friend for whom we had the highest affection and respect. The State of Illinois lost a great friend and leader. The people of the 20th District of Illinois loved him for his fearless courage, for his well-balanced judgment, and the untiring service he rendered in their behalf.

The life of SID SIMPSON, Mr. Speaker, is a wonderful example of real citizenship, of devotion to public duty, and possessing the quality of understanding the problems of those he represented.

SID SIMPSON possessed unqualified devotion to what he believed was his duty; his sudden death occurred at the conclusion of his dedication of a new wing at Illinois Community Hospital in Pittsfield, Ill.

To his brave wife, who is serving so ably in the 86th Congress, and his two daughters, I extend my sincere sympathy. I am certain they can find comfort in the splendid record of Mr. SIMPSON'S life. The path of life for our colleague led from the little community in Illinois to the Capitol of the United States. Through service he accomplished this.

Today we pay tribute to SID SIMPSON; there are many things to say and lots of of ways to say them, but in eulogy to him, I say, "He was my friend."

Mr. MURPHY. Mr. Speaker, I should like to join my colleagues from Illinois and other Members in paying tribute to the memory of the Honorable SID SIMPSON.

Although we were not members of the same party, I had the privilege of knowing Mr. SIMPSON for a great number of years in our home State of Illinois. He was a tireless worker in his party and the district which he represented for eight consecutive terms. He was highly respected by all who knew him.

I should like to extend my profound sympathy to Mrs. SIMPSON who now has the honor to represent the district and carry out the ideals of her late husband, and to the other members of her family.

Mr. MCMILLAN. Mr. Speaker, I was shocked and saddened when I received a message of the passing of my good friend and colleague, SID SIMPSON. I want to join with my other colleagues in expressing my feeling of personal loss in his passing.

I considered SID SIMPSON one of my closest, personal friends since we worked together for approximately 16 years on the House District Committee and interchanged as its chairman on two different occasions. We also worked together as members of the House Agriculture Committee and usually held the same opinion on proposed legislation pending before both the District and Agriculture Committees.

I found Mr. SIMPSON to be a source of strength not only in relation to the principles for which he stood, but also the soundness of his thinking at all times. Mr. SIMPSON never became excited over any proposed legislation and usually in his calm manner came up with a sound solution for practically all problems that came before the two committees on which we were privileged to serve together here in the Congress for approximately 18 years.

Mr. SIMPSON always had great respect for his fellow man and gave careful consideration to both sides of any issue that was presented to our committee. He was a great family man and I had the pleasure and privilege of seeing him and Mrs. SIMPSON on several trips during our term of service together here as Members of the U.S. Congress.

As members of the House District Committee we were continuously confronted with numerous controversial problems. We always managed to work out these problems without friction or without causing a division between the majority and the minority members of our committee.

The passing of this great statesman certainly brings a great deal of grief to all of us. I shall remember SID SIMPSON as long as I live as a great statesman and as a gentleman under all circumstances. I do not know of any man who has served in the U.S. Congress during my lifetime who had demanded respect from both sides of the aisle as completely as my good friend, Congressman SIMPSON. He was unanimously liked by both liberals and conservatives on both sides of the aisle.

Mrs. McMillan joins me in expressing our deepest sympathy to Mrs. SIMPSON and her children. I shall personally miss SID SIMPSON as a coworker and as a true friend.

Mr. ROONEY. Mr. Speaker, I shall take advantage of this opportunity to join my colleagues in the House in paying tribute to a great American and able legislator, the Honorable SID SIMPSON, of the 20th District of Illinois, whose sudden and untimely death occurred on last October 26.

I first became acquainted with SID SIMPSON soon after I came to the House in June 1944, and we immediately became friends. I considered SID a most diligent and conscientious Member who had the confidence and respect of his colleagues on both sides of the aisle.

I shall always remember SID SIMPSON with fond memories.

The depths of sorrow we cannot tell,
Of the loss of one we loved so well;
And while he sleeps a peaceful sleep,
His memory we shall always keep.

Mr. YATES. Mr. Speaker, I was saddened to learn of the sudden death of

SID SIMPSON. SID was a good friend, a gentleman, and an able legislator.

I liked SID SIMPSON from the first time I met him. He was friendly and helpful and always went out of his way to do a good turn if he could. He was considerate and fair in all his dealings, and if he disagreed with you, he told you so. He was direct and aboveboard. Courage and honesty were among his strongest attributes.

SID regarded his congressional duties as a sacred trust, working hard and long to take care of the interests of the people he represented so well. His loss will be felt not only by his constituents, but by the entire country in no longer having the benefit of his keen intellect and mature judgment.

To his fine wife and two daughters I extend my sincere sympathy with the hope that time will heal the profound grief they now feel.

Mr. MACK of Illinois. Mr. Speaker, in SID SIMPSON Illinois had a man worthy of the honor of representing one of the most historic districts in America. SID, as he was affectionately known by all of us, represented part of the Lincoln country along the Illinois and Sangamon Rivers. Part of his district was represented by Abraham Lincoln when he served in Congress over 100 years ago. It included New Salem State Park and adjoined historic Sangamon County. SID SIMPSON lived in the Abraham Lincoln tradition. Like Lincoln, he was a Republican, but also like Lincoln he represented the common people and placed their welfare and the welfare of his country above his party. He ably and effectively represented the interests of his people in the House of Representatives. Through his efforts effective steps were taken to control the floodwaters of the Illinois and Mississippi Rivers. His record will stand as a challenge to those who follow him. Mr. Speaker, the Nation has lost one of its best legislators. The great State of Illinois has lost one of its finest citizens. The people of his district have lost one who thoroughly understood their problems. I have lost a personal friend and a good neighbor. Although of different political parties, SID SIMPSON counseled me when I first came to Congress some 10 years ago. He had been a close friend of my father for some 40 years. Along with my father he was a pioneer in the automotive business in downstate Illinois. His untimely death came only 5 days after my father passed away. I shall miss SID SIMPSON as he will be missed by his many friends back in Illinois and I sympathize with his wonderful family as I fully understand what a great loss this has been to them.

Mr. DAGUE. Mr. Speaker, it is with immeasurable sadness that we return to the contemplation of the untimely passing of our esteemed friend and colleague who left this life at the very peak of his career and at a time when his contributions to his State and the Nation had reached impressive proportions.

It was my great privilege to sit at his side on the Committee on Agriculture and it was a rich experience to have the benefit of his down-to-earth philosophy which was always permeated with a compelling sense of humor. In the day-to-day interchange between the members and in interrogating witnesses he displayed a firm grasp of the economics of our farm problem but never pressed his views to the point where he departed from those gentlemanly characteristics which were the hallmark of his legislative career.

This path we tread is all too short and we are made better when in the course of our journey we are permitted to travel in company with a generous, lighthearted companion such as was the one we mourn. We shall always cherish his memory and we shall remember in our devotions his charming wife and children who have carried on in his absence in a manner that would have delighted his soul. To them goes our heartfelt sympathy and the assurance that their loss has also been very real to those of us who have been honored to call him friend.

Mr. ALLEN. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to extend their remarks on the life and accomplishments of our late colleague, SID SIMPSON.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

U.S. PARTICIPATION IN THE INTERNATIONAL ATOMIC AGENCY—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 85)

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

To the Congress of the United States:

I transmit herewith, pursuant to the International Atomic Energy Agency Participation Act, the first annual report covering the U.S. participation in the International Atomic Energy Agency for the year 1957, in addition to the U.S. participation in the Agency's Preparatory Commission, which functioned from October 26, 1956, to October 1, 1957.

I do so with great satisfaction because the establishment of the International Atomic Energy Agency resulted from this Government's initiative in 1953 in calling for an international cooperative program to bring the incalculable benefits of the peaceful uses of atomic energy to all mankind and to prevent the diversion of fissionable material from peaceful to destructive purposes.

The work of the Preparatory Commission and the initial activities of the Agency itself were necessarily concerned with administrative problems. These included organization and recruitment of staff; initial financing and the scale of contributions; and establishing appropriate relations with the United Nations and other international organizations concerned with the peaceful uses of atomic energy. In addition, it was necessary to outline a meaningful and realistic program for the Agency to undertake in its early years.

Despite the need to concentrate on initial organizational matters, the Agency made considerable progress, during the few months of 1957 that it was in existence, in developing its substantive program through the creation of a fellowship and scholarship fund and initial consideration of offers of fissionable materials.

Since substantial progress was made toward completing the organizational phase of the Agency's activities in 1957, it was anticipated that increasing attention would be given in 1958 to matters involving the Agency's program.

The first Director General of the Agency is Mr. W. Sterling Cole, formerly a distinguished Member of the Congress, who relinquished his seat in the House of Representatives to assume the responsible position of chief administrative officer of the Agency. The United States remains pledged to make every effort to assist the Agency in achieving its high purpose.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *February 25, 1959.*

REPORT OF THE JOINT ECONOMIC COMMITTEE

Mr. PATMAN. Mr. Speaker, according to the Employment Act of 1946 the Joint Economic Committee is supposed to file its report on the economic report of the President on the 1st of March. The committee has voted unanimously to request that it be given until March 9 to file its report. I ask unanimous consent that this additional time be granted the committee.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

ADJOURNMENT TO MONDAY NEXT

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY AND CALL OF THE PRIVATE CALENDAR ON TUESDAY

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that Calendar Wednesday of next week be dispensed with; and also the call of the Private Calendar on next Tuesday.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. WILLIAMS. Mr. Speaker, I ask unanimous consent that the Committee on Interstate and Foreign Commerce may have until Saturday midnight to file a report on the bill H.R. 1011, the Federal airport bill.

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

There was no objection.

PROGRAM FOR THE WEEK OF MARCH 2

Mr. BYRNES of Wisconsin. 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 Wisconsin?

There was no objection.

Mr. BYRNES of Wisconsin. Mr. Speaker, I have asked for this time to inquire of the majority leader concerning the program for the balance of this week and for next week.

Mr. McCORMACK. Mr. Speaker, I am glad to reply to the inquiry of my friend from Wisconsin.

There is no program for the remainder of today, except special orders. For next week the program is conditioned upon rules being reported out of the Committee on Rules.

Monday the Consent Calendar will be called, but I can state definitely that there will be no other legislation on that day nor any suspensions.

The Committee on Rules started hearings today on a rule for the Hawaiian statehood bill. If that rule is reported out next week in time for the bill to be brought up, and I hope the Committee on Rules will take that action, I will program the bill for consideration.

The Committee on Banking and Currency has reported out the housing bill. In all fairness, may I say that I cannot expect that a rule would be reported out next week in time for that bill to be brought up. However, if by any chance it should be reported out, I shall program the bill. But knowing the problems confronting the Committee on Rules, I believe it would be rather difficult for that committee, with the Hawaii statehood rule being before it, to come to a decision on the housing bill during the next week in time for that bill to be brought up for consideration.

Mr. BYRNES of Wisconsin. At any rate, it would be at the end of the week rather than the early part of the week?

Mr. McCORMACK. Yes. In all fairness to the Rules Committee, I doubt very much that a rule on the housing bill will be reported, but I am programing the housing bill conditionally. So I should like to make a slight reservation on whether or not that bill will come up next week. Once I give my word, of course, I keep it no matter how unfavorable a position I may find myself in.

Mr. SMITH of Virginia. Mr. Speaker, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield.

Mr. SMITH of Virginia. I might say for the gentleman's information that the gentleman from Texas [Mr. KILDAY] brought me a bill this morning from the Committee on Armed Services which has to do with the promotion of certain officers in the armed services, a bill the committee would like to get out pretty soon. I just thought the gentleman might want to schedule that bill tentatively, too.

Mr. McCORMACK. There are two bills out of the Committee on Armed Services, may I say to the gentleman from Virginia. One is H.R. 3365, and that relates to service accreditation in relation to retired pay, and the other is H.R. 4413, relating to officer promotions in the Navy. If a rule is reported out on either or both of those bills I shall program them for next week. The gentleman understands there are two bills?

Mr. SMITH of Virginia. He brought me only one.

Mr. McCORMACK. Yes; I understand there are two bills.

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

Mr. BYRNES of Wisconsin. I yield to the gentleman from Iowa.

Mr. GROSS. What is the status of the airport bill?

Mr. McCORMACK. The committee has until midnight Saturday of this week, so I am informed, to file its report. I am not programing that because I cannot see that the situation will be such that there will be a rule out on that in time to take it up next week, so I am not putting it on the program. But if a rule should come out, I will program the bill the following week.

RESERVE COMPONENTS ARE VITAL TO OUR NATIONAL DEFENSE

Mr. STRATTON. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and to include five resolutions.

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

There was no objection.

Mr. STRATTON. Mr. Speaker, no portion of our national defense structure is more vital than our Reserve, National Guard, and militia forces. In addition to the active duty components which are available to spring into action on a moment's notice, are those forces representing the true citizen soldiers, sailors, and airmen of our Nation who have been trained over the years in their specialties, who remain at a high pitch of combat efficiency through regular training which is integrated with their normal civilian occupation, and who have indicated their willingness to be recalled whenever necessary to defend our Nation. No nation, however prosperous, could afford to maintain on active duty all of the men and women who might be needed in time of full national emergency. But because of the patriotism of those men and women who serve in our Reserve components, we still have this great pool of trained manpower available at a moment's notice.

Because of the tremendous job which our Reserve forces are doing, and because of the special knowledge of defense matters which they have acquired by means of their service, the suggestions and recommendations of these organizations with respect to matters affecting our Defense Establishment in general and the operation and administration of our Reserve components in particular, are especially valuable.

For this reason, Mr. Speaker, it is with great pride that I lay before the Members of Congress at this time five resolutions unanimously adopted on September 13, 1958, by the Army and Air National Guard and Naval Militia Association of the State of New York at its annual conference held in Albany, N.Y. I commend these resolutions to the Members of Congress and to the members of the Armed Services Committees. I hope that Members will give these resolutions most serious consideration in connection with the matters to which they relate. As a member of the Committee on Armed Services, I am particularly happy to report that in accordance with the provisions of one of these resolutions, the House, on February 4, adopted by an overwhelming vote, H.R. 2260, a bill to extend the provisions of the Universal Military Training and Service Act for an additional 4 years.

The resolutions follow:

RESOLUTION CONCERNING SENATE BILL 3240 OF THE 85TH CONGRESS TO AMEND THE RESERVE OFFICERS' PERSONNEL ACT OF 1954

Whereas there are several provisions of the Reserve Officers' Personnel Act of 1954 that are seriously affecting the morale, growth, and potential combat capability of Air National Guard, and that these same adversary restrictive provisions will materially affect the Army National Guard in 1960; and

Whereas it has been indicated that proposed Department of Defense legislation, the Reserve Officers' Personnel Act omnibus bill, will not be submitted to the 86th Congress in sufficient time to provide the immediate relief desired; and

Whereas Senate bill No. 3240 of the 85th Congress would have provided some desirable relief by and of the Reserve Officers' Personnel Act of 1954, by providing for the following:

1. U.S. property and fiscal officers would be retained until the age of 60.

2. Removal of the "pusher" clause.

3. Removal of the phrase, "on vacancy" promotions of Air National Guard and Air Force Reserve units and mobilization designator positions.

4. Retention in units of all officers for 14 years or to the grade of major, whichever is sooner.

5. Retention in units of professional type; that is, Medical Department, Judge Advocate, Chaplains, etc., for 21 years or to the grade of lieutenant colonel, whichever is sooner.

6. Retention of Air National Guard and Air Force Reserve technicians to age 60.

7. Removal of the phrase on appointment of Reserve officers to fill mobilization requirements or active duty positions; and

Whereas Senate bill 3240 of the 85th Congress, which contained the foregoing provisions was not passed by the 85th Congress, but will be introduced in the 86th Congress convening in January of 1959: Therefore, be it

Resolved, That this association recommend and support the introduction and passage of a bill substantially the same as Senate bill 3240 of the 85th Congress in order to secure early approval of this legislation; and be it further

Resolved, That the officers of this association transmit copies of this resolution to the chairmen of the Armed Services Committees of the Congress, the Secretaries of Defense and of the Department of the Army and of the Department of the Air Force, the Members of Congress from New York, the chief of the National Guard Bureau, and the president of the National Guard Association of the United States.

RESOLUTION RELATING TO A STUDY BY AN APPROPRIATE COMMITTEE OF CONGRESS OF THE SUBJECT OF MEDICAL CARE, HOSPITALIZATION, DISABILITY RETIREMENT, AND DEATH BENEFITS FOR MEMBERS OF THE NATIONAL GUARD AND RESERVE COMPONENTS

Whereas under existing Federal law there are many cases of hardship and inequity in regard to the administration and award of medical care, hospitalization, disability retirement, and death benefits for members of the National Guard and Reserve components; and

Whereas a study by an appropriate committee of Congress of this problem and the correction of inequities is necessary and desirable and in the public interest; and

Whereas studies of other matters of comparable import and complexity have previously been undertaken by committees of the Congress of the United States, with the resulting enactment of appropriate remedial legislation: Now, therefore, be it

Resolved by the Army and Air National Guard and Naval Militia Association of the State of New York in general conference assembled at Albany, N.Y., this 13th day of September 1958, That the officers of this association request the Speaker of the House of Representatives of the 86th Congress to refer to a standing committee of the House or to a special committee, as may be deemed appropriate, for study, report and proposal of remedial legislation, the subject of medical care, hospitalization, disability retirement, and death benefits for members of the National Guard and Reserve components and their dependents; and be it further

Resolved, That the officers of this association transmit copies of this resolution to the Speaker of the House of Representatives, the Secretaries of Defense and of the Military Departments, the Members of Congress from New York, the chief of the National Guard Bureau, and the president of the National Guard Association of the United States.

RESOLUTION RELATING TO THE STRENGTH AND 6-MONTHS' TRAINING QUOTAS OF THE ARMY NATIONAL GUARD OF THE UNITED STATES AND THE NEW YORK ARMY NATIONAL GUARD

Whereas the Department of Defense Appropriations Act for the fiscal year 1959 (Public Law 85-724) provides that the Army National Guard of the United States shall be maintained at 400,000 strength during the fiscal year 1959, and such act appropriates funds to carry out such purpose; and

Whereas pursuant to such act funds should be allocated by the Military Departments and the Bureau of the Budget to maintain the paid drill strength of the Army National Guard of the United States at 400,000, including not less than 55,000 6-month trainees; and

Whereas under the existing international situation, and the present military commitments of the United States throughout the world, the strength of the Army National Guard of the United States, as an essential part of the land power of the United States, should be stabilized at not less than 400,000; and

Whereas the New York Army National Guard should be maintained and stabilized at not less than 27,000 strength, including not less than 6,000 6-month trainees: Now, therefore, be it

Resolved by the Army and Air National Guard and Naval Militia Association of the State of New York in general conference assembled at Albany, N.Y., this 13th day of September 1958, That—

1. The paid drill strength of the Army National Guard of the United States be maintained at 400,000, including not less than 55,000 6-month trainees during the fiscal year 1959 and that the Departments of Defense and/or Army immediately issue a public announcement to the effect that the appropriations voted by Congress for this purpose will be allocated and used accordingly.

2. The paid drill strength of the Army National Guard of the United States be stabilized in the future at not less than the strength and annual number of trainees set forth above, i.e., 400,000 strength, including not less than 55,000 6-month trainees.

3. Based on a total strength of 400,000 for the Army National Guard of the United States, the New York Army National Guard be maintained at not less than 27,000, including not less than 6,000 6-month trainees.

4. The Federal Departments concerned take such action as may be necessary to insure accomplishment of the above objectives.

5. Copies of this resolution be sent by the officers of this association to the President of the United States, the Secretaries of Defense and Army, the chairmen of the Armed Services Committees of Congress, the Governor of the State of New York, the Members of Congress from New York, the chief of the National Guard Bureau, and the president of the National Guard Association of the United States.

RESOLUTION RELATING TO THE EXTENSION OF FEDERAL LAWS CONCERNING THE PROCUREMENT OF PERSONNEL FOR THE ACTIVE FORCES AND THE RESERVE COMPONENTS, AND RELATING TO THE ELIMINATION OF INEQUITIES IN SUCH LAWS AND IMPLEMENTING REGULATIONS

Whereas the authority to draft persons for 2 years of active Federal service under the Universal Military Training and Service Act will terminate on July 1, 1959; and

Whereas other legal provisions which authorize 6 months' active duty for training for members of the National Guard and Federal Reserves will terminate on August 1, 1959; and

Whereas the requirements of national defense dictate that these laws should be extended; and

Whereas under existing laws and implementing regulations, a Ready Reserve participating obligation is imposed upon those who have already performed 2 years of active service in the Armed Forces of the United States, while many young men do not perform any military duty, and, therefore, the burden of military service is unfairly distributed and is generally inequitable; and

Whereas such laws and regulations should be revised to eliminate these inequities: Now, therefore, be it

Resolved by the Army and Air National Guard and Naval Militia Association of the State of New York in conference assembled at Albany, N.Y., on the 13th day of September 1958, That—

1. The authority to draft persons between 18½ and 26 years of age for 2 years of active duty should be extended for a further period of 4 years, i.e., until July 1, 1963.

2. The obligation of prior service personnel to serve in Ready Reserve units after completing their period of active duty be eliminated, but that they continue to have a Standby Reserve obligation under which they would be subject to call in case of war or national emergency.

3. Authority be extended until July 1, 1963, for persons to enlist voluntarily in the National Guard or Federal Reserves, such persons to be required to perform not less than 3 months or more than 6 months' active duty for training; and that such authority be amended to apply to all persons between the ages of 17 and 26.

a. Persons under age 18½ enlisting in a unit of the National Guard or Federal Reserves under the above authority shall be required to participate as a member of such unit for a period which shall not be less than 3 years following completion of their active duty for training.

b. Persons between the ages of 18½ and 26 years enlisting in a unit of the National Guard or Federal Reserves under the above authority shall be required to participate as a member of such unit for a total of 6 years including their active duty for training.

4. The Universal Military Training and Service Act be amended to provide for the early release of persons inducted for 2 years of active Federal service who have completed a minimum of 6 months of active service, if such persons volunteer to enlist and serve in a unit of the National Guard or Federal Reserve for a total period of 6 years including their period of active service.

5. Copies of this resolution be sent to the President of the United States, the Secretaries of Defense and of the Military Departments, the chairman of the Armed Services Committees of Congress and of the Military Affairs Committees of the legislature, the Members of Congress from New York, the Governor of New York, the Chief of the National Guard Bureau, and the president of the National Guard Association of the United States.

RESOLUTION RELATING TO AMENDING OF UNIVERSAL MILITARY TRAINING AND SERVICE ACT

Whereas thousands of ROTC graduates, after being commissioned in the Army Reserve and after completion of either 2 years of active duty or 6 months' active duty for training, are returned to inactive status, without assignment to Reserve units, as provided for in section VI (D.I.) of the Universal Military Training and Service Act, as amended, due to lack of sufficient vacancies within Reserve units; and

Whereas this results in a great waste of training officer manpower; and

Whereas there should be a flow of these officers coming into the National Guard, and the law should be amended to make this possible: Now, therefore, be it

Resolved by the Army and Air National Guard and Naval Militia Association of the State of New York in general conference assembled at Albany, N.Y., this 13th day of September 1958, That section VI (D.I.) of the Universal Military Training and Service Act, as amended, be further amended to provide that appropriate Reserve units, within the meaning of such section, shall include the Army National Guard of a State, Territory, or District of Columbia, the Governor or other executive authority of which has requested and approved the assignment of such Reserve officers; be it further

Resolved, That copies of this resolution be sent to the President of the United States, the Secretary of Defense and Army, the Governor of the State of New York, the Members of the Congress from New York, the Chief of the National Guard Bureau, and the president of the National Guard Association of the United States.

CRAIG ANDERSON: MINNESOTA CHAMPION

Mr. WIER. 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 Minnesota?

There was no objection.

Mr. WIER. Mr. Speaker, under leave to extend my remarks in the RECORD, I wish to include the very fine 5-minute speech delivered by Craig Anderson, 16-year-old high school junior of Hopkins, Minn., part of my congressional district, as his contribution to the annual broadcast scriptwriting contest of the Voice of Democracy.

When you read this stirring message, I am sure you will agree with me that

Craig earned the honor of being the top winner in our fair State of Minnesota. As such I heartily applaud this young man and predict he will go far. He has the sincere congratulations of the entire Minnesota congressional delegation.

I SPEAK FOR DEMOCRACY

(By Craig Anderson)

Because I am a citizen of a free society, I am able to speak for democracy. I am witnessing the fulfillment of the hopes and aspirations of mankind throughout the ages. The ancient dream, the cause of the patriot where the individual could determine his own destiny; observe Pericles' accomplishments in Athens, tribunes for the Roman plebeians, the Magna Carta, the efforts of John Locke, Voltaire, and Rousseau; the writing of our own Declaration of Independence, and the ratification of our Constitution, show the evolution of this principle of freedom that is now embodied in democratic government.

This self-determination, this stimulus for the citizens of a democracy, has in so many spheres catapulted the power and potential of our Nation. We look to the rewards of sincere effort, not to reprisal for unrealized quotas. Daily we see the typical—a student working for a college education, savings being invested in the future of America, civic-minded citizens soliciting funds for worthy purposes, people endeavoring constantly for improvement of living standards. Through self-determination, the individual's dignity is being enhanced. For me this means: I can determine my education; I can choose where I want to live; I have the right to travel freely; I will be able to influence government through the ballot; I can choose my own reading matter; I can choose my own associates and be reasonably assured of their fidelity; I can select my own field of employment and prepare with confidence for the future.

While I recognize the strength of democracy, I am aware of the human weaknesses of some of its citizens. However, unlike the state of oligarchy, these weaknesses can be altered. Little Rock and Clinton are examples of undemocratic violence today: as Shay's Rebellion, the Pullman strike, and the bonus army were examples in the past, democracy's sensitivity to public opinion and the guarantee of certain inalienable rights by law have provided the machinery to meet these contrasting problems. A letter to the editor, the meeting at the village hall, a radio forum or public debate, all contribute to social criticism which in time may alter our existing society. Democratic processes have provided room so men could have courage to defy existing social structure to right a wrong. Integration is proceeding in scores of southern communities, and child-labor laws, a minimum wage, and collective bargaining have given the worker an improved security.

The perpetuation of our democracy through self-criticism depends upon bold critics; and our democracy has supplied them—the Billy Mitchells, the Robert Oppenheimers, and the Admiral Rickovers, some of the significant dissenters in the problems of national security; the Walter Reeds and the Jonas Salks, pioneers in medicine; the Max Lerners, Carl Sandburgs, the C. W. Millses, and the H. L. Menckens, who examine the problems of their society as they see them. Critics and dissenters who have helped change, not without difficulty, the existing social order. Realizing their importance, the tools (equal justice under law, freedoms of communication and civil liberty) are provided so that the dissenter may transform his society for the better. He may gather with his contemporaries to formulate a course of action; he finds no religious censure from the government; he may use his verbal powers to win needed supporters to his cause. Yes, he is subjected to criticism, but he may fervently refute his adversaries on the open forum. Thus the dissenter—the free man—makes his critical contribution to democracy.

Likewise, I have the opportunity to dissent, to come forth, exercise my own will and pronounce my views.

Conscious of this my sacred heritage, I speak for democracy.

AMERICAN BAR ASSOCIATION CRITICISMS OF SUPREME COURT

Mr. ABERNETHY. 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 Mississippi?

There was no objection.

Mr. ABERNETHY. Mr. Speaker, I think the country was heartened by the press reports which came out of Chicago on Tuesday of the criticism made of the Supreme Court by the American Bar Association.

Of course, there are those, Mr. Speaker, who sincerely feel that the Court should not be criticized or attacked. They take the position that the Court is infallible, that it is sacrosanct, that its decisions should be accepted as though spiritually inspired, and that we should in no way direct criticism at the high tribunal. The very fact that the Founding Fathers left the way open for impeachment of members of the Court nullifies any argument that Americans should accept the actions of the Court without criticism. The members of the legislative and executive branches of our Government are and should be subjected to criticism. Why should not the judicial branch likewise be?

In the judgment of millions of Americans the Court is usurping power delegated only to the legislative branch of our Government. Also in the judgment of multiplied millions it is rendering very unsound decisions. Never before in American history has it been subject to such scathing criticism.

It is most heartening that the American Bar Association has decided to strongly assert itself on the actions of the Court. Certainly it is qualified to do so. And its criticism will not go unnoticed by the high Justices. Though they sit on the highest court in the land the fact remains that they as human beings are sensitive to public opinion and more particularly to that of the American Bar Association. Some of the Justices may get peeved. Some may even withdraw membership from the bar association as the Chief Justice did recently. But this of itself is clear evidence of the fact that the Court is concerned and impressed with the current wave of criticism. It may, as a result, take a second look before it again destroys a long line of stable decisions or again resolves itself into a legislative body.

As a part of my remarks, Mr. Speaker, I ask unanimous consent to include an article by David Lawrence, one of the Nation's well-known writers. The article follows:

BAR GROUP'S DISAPPROVAL OF SUPREME COURT DECISIONS SEEN IMPLYING MISUSE OF POWER

Seldom in American history has there been such a scathing criticism of the decisions of the Supreme Court of the United States as has just come from the American Bar Association.

This has nothing to do with the decisions of the Court on segregation or integration. Nor do the members of the bar—who by overwhelming vote approved at the Chicago convention this week a committee report on the subject of Supreme Court decisions—come from any one section of the country.

The action taken is a formal disapproval of several decisions of the Supreme Court, not only in matters of law but in the misuse of the judicial power itself. The report, comprising about 20,000 words, does not criticize the Supreme Court as an institution nor recommend any limitation of its powers, but does say Congress should at once, in the proper way, endeavor to correct the ill effects of the decisions. The report declares:

"Many cases have been decided in such a manner as to encourage an increase in Communist activity in the United States through invalidation of State sedition statutes, and limitation of State and Federal investigating powers in the field of subversion although these cases might readily have been disposed of without so broadly limiting national and State security efforts.

"The paralysis of our internal security grows largely from construction and interpretation centering around technicalities emanating from our judicial process which the Communists seek to destroy, yet use as a refuge to masquerade their diabolical objectives.

"This trend was treated fully in the Conference of State Chief Justices last year when they called upon the United States Supreme Court to exercise the power of judicial self-restraint. The dissenting opinions of certain Supreme Court Justices have been crystal clear in charting the effect of the failure of the majority to recognize the underground forces that are at work and to appreciate how these decisions affect our internal security."

The bar association's report says it is the duty of members of the bar to defend the institutions of the judiciary from unfair and unjust attacks and that proposals to limit the court's jurisdiction should not be approved. But at the same time the committee report, as adopted by the convention, says that, where remedial legislation can be enacted by Congress to deal with Communists and other subversives, this should be given prompt attention. The report cites a long list of Supreme Court decisions in the internal-security field and points out exactly how they can be overcome by action of Congress.

Also a chapter is devoted to current fallacies about communism. The report says: "It is just as false to measure the strength of communism in the United States by comparing the small number of party members with the large number of non-Communists, as it would be to measure the seaworthiness of a ship by comparing the area of its holes with the area of its hull. A few strategically placed holes can sink the largest ship."

Adding that the "danger and the menace of communism are worse than ever," the report calls on the members of the bar to alert the Nation on the menace of international communism.

As one reads the report, there comes a feeling that its writers tried to be as tactful as possible in their references to the present membership of the Supreme Court but nevertheless reveal again and again their dismay at the abuse of power by the highest court.

LABOR BILLS

Mr. GEORGE. Mr. Speaker, I ask unanimous consent to extend my remarks at this point.

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

There was no objection.

Mr. GEORGE. Mr. Speaker, today I introduced in the House two bills dealing with labor, one a companion measure to the Kennedy-Ervin labor reform bill and the other calling for the repeal of section 14–B of the Taft-Hartley Act.

My State of Kansas was the only State in six at the last election to ratify a right-to-work amendment to the State constitution. The labor unions of Kansas will not immediately be weakened by the amendment. Eventually the result may be a lower wage level.

The Kennedy-Ervin bill is a minimum must for the 86th Congress. A reasonable step in the correction of labor excesses is embodied in this bill.

The Taft-Hartley provision now permits any State to go beyond the Federal law, and a State could take another course than that set forth in the so-called right-to-work provisions. I have always been in favor of uniform legislation for labor and management, and I believe each should be treated alike in every State.

Section 14–B destroys one of the principal beneficial objectives of a Federal labor management relations act—that of uniformity. If the right-to-work principle is sound and just, it should be incorporated into the Federal law. If it is bad and unsound, right-to-work has no place in the scheme of employer-employee relations, either State or Federal

Frankly, a State right-to-work law does not injure organized labor nearly to the extent its advocates hope would be the case. Neither does a provision remedy the evils or curb the excesses of a few powerful labor unions and their greedy corrupt leaders.

Those who delight in sowing discord are the only ones who gain by the drive for right-to-work laws. At a time when real cooperative effort on the part of all our people is sorely needed to offset the ravages of inflation and to defeat the Communist effort for economic supremacy, the right-to-work campaigns aline labor against management and management against labor and the ultimate result is bitter, internecine, class warfare.

Right-to-work victories are empty ones, indeed, especially when serious thought is given to the strife, the hate, and the violent emotions that are generated, and the chasm that is placed between business and the working people of the country.

The greatest threat to the growth of organized labor is the growing number of unemployed in this country which is just as injurious to business, big and little, and to our economic structure.

Let us place our emphasis on solving this problem and concentrate our efforts on legislation which is in the interest of all our people instead of stirring up strife and spreading the flames of hate.

SPECIAL ORDER GRANTED

Mr. BOWLES. Mr. Speaker, at the request of the gentleman from Georgia [Mr. DAVIS], I ask unanimous consent that his special order for today be postponed until Thursday next.

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

There was no objection.

FORTY-FIRST ANNIVERSARY OF ESTONIAN REPUBLIC

Mr. BENTLEY. Mr. Speaker, I ask unanimous consent to extend my remarks at this point.

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

There was no objection.

Mr. BENTLEY. Mr. Speaker, on Tuesday, February 24, 1959, the Estonian Republic commemorated its 41st anniversary. Today, Estonia, along with the other captive nations of central and Eastern Europe, finds itself in the grip of Communist tyranny as a result of developments arising during World War II.

It is certain, however, that both the people of Estonia itself, as well as Estonians throughout the world, remain firm in the belief that one day their land will again be free. It is, therefore, fitting and appropriate to call the attention of the free world to this national independence anniversary and to let all the captive peoples behind the Iron Curtain realize that they are not forgotten or forsaken in their struggle against Communist slavery. It is a pleasure and a privilege to join in this reassurance to the people of Estonia and to remind them of the fact that our Government still refuses to recognize the Communist takeover and the forced incorporation of Estonia into the Soviet Union. We may be able to do little or nothing at the moment for the people of Estonia and the other captive nations but we certainly have a moral obligation to refuse to acquiesce in their brutal absorption by the Kremlin. I am glad to congratulate the people of Estonia on this occasion and to hope that the day of freedom and self-determination for their homeland will come soon.

INCREMENTAL PRICE SUPPORTS FOR WHEAT

Mr. LANGEN. 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 Minnesota?

There was no objection.

Mr. LANGEN. Mr. Speaker, surely everyone is aware of the great many varied opinions and criticisms which exist among farm people, taxpayers, and consumers alike relative to the wheat situation today. This situation is one of the major issues in today's complex farm problem.

Through the last 20 years wheat has played an important role in our many and varied attempts to deal with the farm problem in a manner which would reduce surpluses and create a market that would eventually assure to the farmer a full parity income. We have attempted to accomplish this objective by means of wheat allotments and marketing quotas whenever conditions required their application. A minimum wheat acreage allotment of 55 million acres was first established in 1938, and has served as a minimum allotted acreage for the Nation in all the years since that time, with the exception of the years in which demands were greatly increased because of war needs. During this period since 1938, experience has shown us that we have still had real problems with surpluses. They have accumulated to the degree where they have been, and continue to be, real burdens to the Government taxwise, and to the farmers pricewise. This problem reached a peak just before World War II, and has now once again reached a point which demands real concern and attention. Present agricultural surpluses, in addition to preventing the creation of a real market for farm products, are costing the Nation's taxpayers $1 million a day. We have thus far not succeeded.

While this is true, however, the history of our attempts to deal with the farm problem, and more specifically the wheat problem, have shown that we have come quite close to approaching the desired goals. Statistics show that if production had been reduced by a mere 6 percent during the period 1948 through 1958 we would have accumulated no wheat surplus during these years. And also, it is well to note that no longer ago than 1956 and 1957 our wheat surpluses were reduced under the present system of acreage allotment and marketing quotas. This would seem to provide reliable evidence that the matter of achieving the desired goal is not so far beyond reach.

It is my opinion that one of the reasons we have not been more successful in our attempts to arrive at the point where the total disappearance of wheat each year would equal the production is that sufficient opportunity and responsibility have not been delegated to the farmer himself. Under the programs which have been used up to this time, he has had no realistic opportunity to achieve full parity price in return for his efforts at reducing production.

It would seem to me that if we are to entertain hopes for the future whereby we will be able to provide a program with the opportunity of full parity income for the wheat farmer without aggravating the already acute surplus situation, we must first of all provide for him the opportunity to achieve this goal himself. Thus, I am submitting a new principle to the farm program as it applies to wheat farmers—a program which will give the individual farmer the opportunity on an optional basis to achieve full parity prices by voluntarily reducing his production. This should leave with him the proper incentive, as well as the responsibility, to achieve the goal which has been promised him a good many times. Such a program properly administered

carries with it the very desirable result of reducing the surpluses which are presently on hand, thereby greatly cutting down the huge Government expenditures which are presently required to maintain the program.

And, further, it will actually increase the earnings of the individual small farmer, thus enabling him to stay on the farm, and assuring him his just share of the national income, as well as his rightful place in the growth and development of the rural community, its churches, and its schools. He presently is not able to achieve this. Statistics show that the per capita incomes of farm families have constantly been declining during the past several years, while at the same time the per capita incomes of nonfarm people have almost just as constantly been increasing. Surely the producers of food and fiber, so important to the development of our society as well as the strength of our Nation, should have opportunities proportionate to the vital role in which they serve our Nation.

It is my very profound conviction, gained by a lifetime of experience as a farmer, together with 15 years of experience in various fields of the administration of the farm program, that this can be accomplished if the wheat farmer is provided with the opportunity and the assurance that this very desirable economic situation might be accomplished. As we look to the economic future and strength of our Nation, I think it is well that we also recognize that the production of surpluses which become an economic burden, are also wasteful to the future productivity of our Nation and its natural resources. It is my sincere belief that this new approach in dealing with the farm program has the potential of producing the much to be desired results of reducing, and eventually eliminating, these surpluses, together with the promise of placing our farm economy more in step with the Nation's economy as a whole.

The mechanics of the program are very simple and basic, providing incremental price supports and acreage reserve payments. Most of the provisions presently written into law pertaining to wheat allotment and marketing quotas remain in effect. Therefore we will continue to have a wheat allotment established for every farmer in wheat-producing areas, and farmers will still have the opportunity of voting on whether they wish to accept the provisions of a marketing quota. The farmer is then offered the option of reducing his seeded acreage of wheat below the allotment established for his farm. For each 5-percent reduction in seeded acres, he becomes eligible for an increase of 10 percent in the price support available to him through the Commodity Credit Corporation as exemplified by the following table:

If the percentage of his acreage allotment withdrawn from production is not less than—	His level of price support shall be—
5 percent	70 percent of the parity price.
10 percent	80 percent of the parity price.
15 percent	90 percent of the parity price.
20 percent	100 percent of the parity price.

He will thus reach the desired 100 percent of parity if he reduces his allotted acres by 20 percent. This percentage reduction offers the full potential of reducing our surpluses and creating a market for the total wheat production.

It is necessary that one further provision be added. The acreage taken out of wheat production is not to be converted into the production of other crops, which as well might be in surplus. It is required that these acres be kept out of the production of any crop or the grazing of any stock. Acreage reserve payments are provided for these acres at a rate not to exceed $10 an acre per year.

This same principle can very easily be adapted to price-support programs of other small-grain crops as well. It shall be my purpose to project this principle in another bill to other small-grain crops which are presently being supported.

Should Congress see fit to adopt these principles to our present farm program, I believe we will have taken a real forward step toward the solution of the very controversial and burdensome economic condition which has plagued our farm populace during recent years. Its application would as well strengthen our national economy, preserve the national productivity of food and fiber, and prove beneficial to farmers, taxpayers, and consumers alike. For these reasons, it is my hope that Congress in its wisdom may regard this matter with favor.

SPECIAL ORDER GRANTED

Mr. BYRNES of Wisconsin. Mr. Speaker, the gentleman from New York [Mr. LINDSAY] had a special order for today. I ask unanimous consent that it be transferred to next Thursday, March 5.

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

There was no objection.

COMMITTEE ON BANKING AND CURRENCY

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency may have until midnight Friday night to file a report on the bill S. 57.

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

There was no objection.

AMERICA'S CAPACITY AND THE CHALLENGE

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Connecticut [Mr. BOWLES] is recognized for 60 minutes.

Mr. BOWLES. Mr. Speaker, I would like to complete my remarks, if I may, before I yield. After that I will be happy to yield for any questions or comments.

I am concerned, as are many of the Members of this House, with the growing, nationwide disagreement over the public policies best calculated to strengthen our economy to meet the extraordinary challenges of the years ahead.

Unless an earnest effort is made to reconcile these differences now, I am fearful that further divisions will arise among us. Such a development would gravely weaken our national capacity for constructive action, both at home and abroad, at a particularly critical time in our Nation's history.

Today the United States faces a host of problems of a magnitude that is almost unique.

THE INTERNATIONAL CHALLENGE

During the last 15 years, the relatively orderly prewar world has changed almost beyond recognition.

Nearly 1 billion people—one-third of the world's population—have changed their form of government and are now struggling to achieve new national identities. Their tasks have been made infinitely more complex by the worldwide technological revolution which has brought the dream of a new and better life into the most remote villages and has aroused expectations there which at best can be only partially fulfilled.

In China a militant, fiercely anti-American government is effectively organizing the resources of 650 million hard-working people through the iron-fisted techniques of Communist dictatorship.

In the Soviet Union a new industrial and military colossus has arisen whose avowed objective is to bury us. Inspired by the Leninist belief that the road to Paris—meaning the West—lies through Calcutta and Peiping, the Kremlin is actively wooing the people of Asia, Africa, and Latin America with billions of rubles, thousands of technicians, and countless promises, backed by a skilled diplomacy.

In the meantime many respected authorities assert that our nuclear and missile development is lagging at such a rate that we may soon be confronted by even tougher Soviet attitudes in every area of international negotiations, and the consequent danger of war. May I add that if these authorities are wrong and we act on their advice we may lose some money. But if they are right and we refuse to take heed we may lose our country.

THE DOMESTIC CHALLENGE

In domestic affairs as well we find ourselves faced with a variety of problems which touch almost every phase of American life.

Our educational system, which even now is turning out far fewer engineers and scientists than the Soviet Union, will soon be under an enormously increased pressure to keep pace with our exploding population.

Even now there is an immediate need for new building programs, teacher training incentives, higher salaries, and in short an overall improvement of our whole educational system.

Our annual population increase of nearly 3 million, the growing residential flight from the cities to the suburbs, and rapidly changing techniques of transportation are bringing dramatic new pressures on our metropolitan areas. We are only beginning to face up to them.

New agricultural methods in the meantime have lowered our farm income

and brought new economic pressure on our rural areas.

Although we are on the threshold of great and new advances in medical science, we continue to turn out too few doctors and nurses. Everyone knows that our hospital facilities are lagging far behind our needs.

Anyone who attempts to spell out what needs to be done to meet the challenge at home and abroad and suggests the consequences of our failure to do it, lays himself open to the charge of peddling gloom or undermining our national confidence.

But I submit, Mr. Speaker, that it is foolhardy for us to attempt to sidestep the implications of our situation.

Nor do I believe that a clarification of the difficulties which we face necessarily leads to pessimism and frustration. On the contrary, we have only to examine the historic, creative periods of growth in this country to feel a renewed sense of confidence in our own capacity to rise to what is required of us now.

But one point, at least, is clear: If we are to succeed in our efforts to secure peace in the world and prosperity for our own people, we cannot afford to wait for the least likely development of all—for the problems themselves to grow smaller. Instead both we and our economy must grow to meet them.

VOICES OF THE PESSIMISTS

Mr. Speaker, what troubles me more than the problems themselves are the voices which are now being raised to spread the alarm that we cannot do what needs to be done without abandoning our economic system of free enterprise, and submitting to a disastrous inflation.

In a period of domestic and world crisis, these voices tell us that we must be content with a less adequate defense system, with inadequate schools, hospitals, and roads; with a lagging development of natural resources; and with a continuous postponement of the efforts necessary in Asia, Africa, and Latin America if we are to assist underdeveloped nations to stand on their own feet and prevent the Soviet Union from undermining the political and economic stability of Western Europe through the Asia-Africa backdoor.

Let me emphasize that these voices are the voices of sincere and dedicated men. I am confident that many of them are as unhappy as any of us to see our country continue at its present listless pace with high unemployment at a time when the demands upon us are so great, and when the economy of the Soviet Union is booming.

These men have honestly convinced themselves that the American people and their Congress must choose between rapid growth with inflation on the one hand or minimal growth with stable prices and some unemployment on the other.

There are many mistakes that we may make in these coming years. But none, Mr. Speaker, would be more dangerous than to minimize the implications and the danger of inflation.

This is a subject in which I have more than ordinary interest. As Administrator of the Office of Price Administration during World War II and later as Stabilization Director, I had an opportunity to study at first hand both the dangers of inflation and the difficulties of controlling it.

Partly as a result of that experience, Mr. Speaker, I deeply believe that those among us who assume that we must accept a slow rate of expansion with some unemployment as the best means of preventing inflation, are gravely misjudging the problems which we face.

I am convinced that our American system of free enterprise is far more dynamic than they believe it to be. I think that our capacity for growth has scarcely been touched. I believe once we release the pent-up energies of the American people and their economic system, there will no longer be any doubt of our ability to face up effectively to the challenges I have mentioned both at home and abroad.

This is not the first time, Mr. Speaker, that we have been tripped up by folklore. American history is studded with periods where ingrained but outworn economic concepts have lingered on in the midst of changing events.

Because such concepts were familiar, we were reluctant to give them up. Yet over and over again we have seen them finally swept aside either by the harsh requirement of economic reality or by the powerful impact of commonsense.

Students of economics are familiar with the stubborn influence of the first three great English-speaking economists—Adam Smith, Ricardo, and Malthus. These men with all their brilliance mistakenly believed that the so-called working class was doomed to continued poverty, that an expanding population would always exceed the available food supply, and that there was not much that either ordinary or extraordinary men could do about it.

Their dismal postulates have long since been abandoned as guiding theories for our capitalistic economy. But their long acceptance symbolizes our capacity for resisting new ideas until long after these new ideas have been transcribed into actual progress.

THE DEAD HAND OF ECONOMIC FOLKLORE

Let me briefly sketch some of the vivid situations in the last 30 years, which recur to me personally—situations in which our economic thinking was vastly out of tune with reality.

In the spring of 1929, as a young man of 28, I started a new business with a small amount of savings. My confidence was considerable because men long established in the business world had assured me that we had reached a "permanent high plateau of prosperity"—that depressions were once and for all behind us.

Four months later the roof fell in. By the end of the year an estimated $30 to $40 billion in stock market values had been wiped out, and our economy moved rapidly into the most disastrous depression in American history.

We had in fact come to the end of an era. But few men, whether Republican or Democrat, financier or economist, understood this. Andrew W. Mellon, the Secretary of the Treasury, spoke for many respected economists, when he commented:

> I see nothing in the present situation which is either menacing or warrants pessimism.

Events of the next few months soon shattered the stock belief of the 1920's that the ups and downs of the business cycle had somehow ceased to exist. But supreme faith that these up and downs were self-correcting lingered on. By consciously or unconsciously adhering to this faith, many prominent Americans in both political parties helped to prevent effective action.

In 1931 as the depression continued to deepen, President Herbert Hoover said:

> This is not a time when we can afford to embark on any new or enlarged adventures of Government.

In the summer of 1932 the Democratic Party pledged itself to "an immediate and drastic reduction of governmental expenditures, which will accomplish a savings of not less than 25 percent in the cost of the Federal Government and provide for a Federal Reserve budget annually balanced."

On July 30, 1932, Mr. Roosevelt severely criticized the Republican Party for sponsoring deficits instead of reducing expenses. In Mr. Roosevelt's words:

> This was a disastrous policy. Any government, like any family, can for a year or so spend a little more than it earns. But you and I know that a continuation of that habit leads to the poorhouse.

The Democrats took office in March 1933 and promptly moved to fulfill their campaign commitments by reducing Federal payrolls and veterans compensation by $400 million.

If we had persisted in this effort to balance our Federal budget in the depths of the great depression, our economy might have ground to a stop. But to its everlasting credit, the Roosevelt administration soon broke loose from this strangling economic folklore and launched a bold, creative attack on the poverty and misery which threatened to engulf every family in America.

Many distinguished Members of this House, including our Speaker, played a major role in coming to grips with the realities of those difficult times. Our country will always owe them a debt of gratitude.

SUCCESSES AND FAILURES OF THE NEW DEAL

The next few years were years of dynamic and effective action. Out of them grew an increasing understanding of the new role our Federal Government might play in creating conditions of high employment, in removing the injustices within our economic system and in providing greater opportunity and security for all of us.

As the 1930's drew to a close, the New Deal had largely succeeded in its first great objective. It had provided a certain basic economic security for almost everyone, and placed a floor under human misery.

But, Mr. Speaker, let us face the fact that the New Deal failed in its second major objective, which was to restore full employment and prosperity to our

country. In 1940, more than 8 million Americans were still unemployed; 14½ percent of the working force.

Our failure to create a higher level of employment was due to a variety of causes. Not the least of these was the development of a new kind of fiscal folklore, conveniently provided by a certain group of economists and public figures in both parties who had too little faith in the capacity of our American economy for growth. Once more we heard the same depressing assurances that our economy had reached a point of maturity, where future growth would come slowly, if it came at all.

This pessimism was based partly on the belief that economic power had become so concentrated through the growth of monopolies that competition would soon disappear, thus putting a limit on expansion.

Once accepted, this concept of the "mature economy," in which growth at worst was doubtful and at best would come very gradually, began to produce a dangerously logical response.

Prominent labor spokesmen reasoned that if the economy could not expand, any increase in wages must necessarily come from profits. Conversely many manufacturers assumed that any increase in profits must somehow come at the expense of the workers.

To many influential economists, the prospect of increasing wages became a basic threat to the entire system. Since higher wages would have to cut into profits, little would be left over. Money available for expansion would dwindle, and a process of stagnation would take over.

Spokesmen for both groups joined only to cast a jaundiced eye at the depressed agricultural segment of our economy. Any improvement in the lot of the farmers, it was thought, must necessarily come from a sacrifice in the industrial segment, either from the management, from the workers, or from both.

These rigid economic attitudes of the late 1930's were shared to some degree by many leaders in both parties. They were particularly dangerous because they carried within them the seeds of a class consciousness—with labor and management in bitter opposition—that would have gladdened the heart of Karl Marx.

In the meantime Hitler's growing power came under widespread discussion in American political and economic circles. One reassuring and widely accepted view that reflected the lingering influence of old economic concepts was that Hitler would not dare start a major war for the simple reason that he had no gold.

Gold or no gold, Hitler's ambitions finally broke the peace of Europe, and plunged the world into war. As we considered the implications involved, it was not surprising that the atmosphere of negativism and the lack of faith in American enterprise should again put a damper on our initial defense effort.

WARTIME ECONOMIC FOLKLORE

On January 6, 1942, Mr. Roosevelt outlined America's war plans in his State of the Union message. He asked Congress to provide for the production of 45,000 combat planes and 6 million tons of shipping as a contribution to our victory program in the coming fiscal year.

Some of Mr. Roosevelt advisers had told him that these goals were impossibly high, especially in view of the fact that only 1 million tons of shipping had been constructed in 1941. But the President told them to go back and sharpen their pencils.

Many Members still serving in the Congress will remember that the skeptics probably had a safe majority. Most of them kept their peace, however, on the grounds that Mr. Roosevelt's statement represented no more than a clever propaganda gambit designed to frighten the Germans and the Japanese.

But we soon saw that Mr. Roosevelt's estimate of the capacity of the American economy was an understatement. Instead of 45,000 airplanes in 1942, we turned out 48,000. Instead of 6 million tons of shipping, we produced 8 million. Overall industrial production in that 1 year jumped by 22 percent.

And even this was only the beginning. By 1944 the number of airplanes produced soared to 96,000 and the amount of shipping to 20 million tons.

Yet this lack of faith in the capacity of our American enterprise system to produce continued to plague us all through the early war years. In 1942 many authorities agreed that our gross national product could not be expected to reach a level of more than $140 million, an increase of some $50 billion over the late 1930's.

If this had in fact been the ceiling on American industrial and agricultural output, World War II would have been prolonged for several more years, and the American people would have been subjected to very severe economic privation.

Fortunately, those with too little faith in the capacity of our economic system were again proved to be wrong. By 1944 we had reached a gross national product of $211 billion.

If nothing else, World War II proved decisively that the Nation's capacity does not depend on outmoded economic laws. Rather it depends on the Nation's will and organization, on the strength of our determination inspired by bold and vigorous political leadership.

Yet the negative economic folklore of the past died hard. No sooner had we successfully demonstrated our capacity to meet the economic challenge of war, than we began to set up the same old economic straw men to hamper our efforts to create a full production economy in time of peace.

Again Washington was overrun with anxious leaders of industry, labor, agriculture, and government, who outdid each other in offering gloomy prophecies about the future. Our war-created plant capacities, many of them told us, would go largely unused. We must adjust ourselves again to substantial unemployment. Prices must be set high enough to enable good profits to be made with 20 to 40 percent of our capacity idle.

As a member of the War Production Board, I helped plan the reconversion to the peacetime period. I clearly remember the impact of these dire prophecies on our own thinking. It was only with a very great wrench that we threw them off at all.

After much trepidation, however, we based our plans on the premise that we would have continued economic expansion and full employment in the peacetime period that lay ahead. In 1946 I even mustered the confidence to write a book called "Tomorrow Without Fear."

The subject was our economic development after the war. I laid down a goal of a peacetime gross national product of $200 billion by 1948.

For this I was promptly denounced as a visionary. Yet this goal was far exceeded as our gross national product in 1948 moved up to $259 billion.

In 1945, Mr. Speaker, thoughtful men assumed, as many do today, that unemployment was the price we must pay for freedom of enterprise. Yet again the pessimists turned out to be wrong.

Within a short time we were operating at full capacity. A switchover of 12 million veterans to peacetime jobs was accomplished with scarcely a ripple. At no time did unemployment rise above 2½ million during the entire reconversion period.

Mr. Speaker, I have taken some time to dip back into our economic past. I have done so because I believe it is vitally important for us to remember how often our economic judgments have been wrong before, and how fondly many of us, regardless of political affiliations, have clung to myths and folklores irrelevant to events.

As we review the challenges facing us today, I am forced to believe that we are once again getting bogged down in misleading folklore. If we are to measure up to our times, it is essential that we cut through the resulting haze and confusion so that we may embark on another period of surging American growth in economic capacity, moral commitment and vigorous action.

MISCONCEPTIONS ABOUT INFLATION

Mr. Speaker, I believe that the most critical barrier to our progress today is our fixation on inflation as the major development to fear.

Now we know how a fear psychology can help lead us into a recession. Does this psychology work any less potently when the economy starts working upward?

Last summer when our unemployment was hovering around the 5 million mark, administration spokesmen and business leaders announced that the biggest problem facing our country was inflation. Every other newspaper headline and magazine editorial carried the message: We must cut "spending" to curb inflation.

When the election results came in last November, fiscal fears in many prominent quarters increased to a new tempo. Newly elected "radical spenders" would descend on Washington like a hoard of locusts, we were told, and send us all into skyrocketing inflation.

Let us examine what has happened to the stock market since this onslaught of inflationary warnings began to descend upon us. Last year the stock mar-

ket rose by 37 percent, according to the New York Times. This represents an increase in billions upon billions in so-called market values that is clearly not warranted by recovery so far.

The resulting difficulty which this loose, irresponsible inflationary talk has created for the Treasury Department is particularly important. The management of our national debt has been made far more difficult. Because investors have become convinced that inflation is under way, they have become more and more reluctant to invest in long-term bonds with fixed interest rates.

Mr. Speaker, I believe that we have raised a dangerous hobgoblin out of our own fears and uncertainties about inflation.

I believe that our present misconceptions on this and other subjects are comparable to the mistaken attitudes that delayed our recovery from the depression in the early 1930's, to the thinking which later led to our inability to achieve full employment in the years before World War II, and to the efforts which were made to discourage the half-hearted approach which many of us made to the creation of a full-time economy both during and after the war.

Our current misconception about inflation takes on special significance when we put it in the context of our long-range national price history.

Since 1948 we have undergone increases in wholesale price rises averaging 1.3 percent yearly including the Korean war period. During this same decade consumer prices have risen at an average annual rate of 1.8 percent.

This increase is unfortunate. But may I note parenthetically that it is not of panic size. It compares favorably, for instance, with the average annual rates of increase in wholesale and consumer prices for the last 60 years, which is 2½ percent. This same rate of 2½ percent applied to the 16 peaceful years, 1897–1913, as well.

Mr. Speaker, I do not suggest that inflation is not a danger. What I do say, and I say it with the greatest emphasis, is that by repeating the old cliches on inflation, many leaders of American opinion are inadvertently helping to create the very situation of which they are most fearful.

NATIONAL DEBT

But this, Mr. Speaker, is not the only widely shared misconception which is currently victimizing us. Another has grown up about the size and the implications of our national debt.

I venture to guess that a majority of citizens whom we might poll on this subject would assume from all they have heard and read that our national debt has simply been running away from us. But the facts do not support this assumption.

In 1945 the national debt was $279 billion. This amounted to roughly $2,000 for every man, woman and child in the country, adjusted to 1958 prices. Today the national debt is $283 billion. This amounts to a little over $1,600 for each person in the country.

The contrast is even more striking if we consider the percentage of our national debt in relation to our gross national product. In 1945 the national debt was 131 percent of our gross national product. Today it is 62.7 percent.

Mr. Speaker, the most important factor we face is not the total amount of our debt, but the capacity of the American people to carry it. Obviously a debt of $10,000 is far more of a burden to a man earning $5,000 than it is to a man earning $25,000.

We would all like to see our national debt reduced. Indeed I believe it is no less than tragic that we have not seized on previous opportunities to make greater progress in that direction.

For instance, in the spring of 1948 we faced a period of inflation which was largely so-called demand inflation—too much money and too few goods. In that year we had accumulated a Federal budgetary surplus of $8.4 billion.

If there was ever an opportune time for reducing the national debt and at the same time curbing the demand, this was it. Instead, and with our eyes focused, I am afraid, on the fall elections, we cut taxes by $8 billion, and when President Truman vetoed the bill, his veto was promptly overridden.

There is no doubt, Mr. Speaker, that the total American debt—private and public—has increased in these last many years. Since 1945 local and State debt has been increased from $13.7 billion to $50.9 billion. Since 1945 private debt has increased spectacularly from $139.9 billion to $474.5 billion. But as we have seen, the national (Federal) debt as distinguished from the total public debt has increased by less than 2 percent—that is from $279 billion to $283 billion.

INTEREST RATES

Mr. Speaker, another misconception of ours has been actually contributing to whatever inflationary danger exists today. I refer to the high interest rates which have grown out of the administration's tight money policy.

If there ever was a policy which was an ineffective and blunt-edged tool, this is it.

Theoretically by raising interest rates, the Government can curb investment and consumer borrowing, thereby lowering demand and slowing down inflation.

However, Mr. Speaker, we cannot get away from the basic fact that interest rates are also costs that affect almost every phase of our economy. When the interest rates go up, the cost to our Federal Government, to every State and local government, to every school board, to every farmer, to every homeowner, to every individual borrower, goes up also.

We are told that in the coming fiscal year, we must spend $8 billion in interest charges to carry our national debt. In 1946 the carrying charge on our national debt was $4.7 billion.

That is a difference of $3.3 billion—enough to finance substantial programs of urban development, and hospital and school construction.

At the same time the extra cost increases involved in our tight money policy have been adding substantially to the cost of local and State government.

Mr. Speaker, in 1950 in my own State of Connecticut, the town of Milford obtained a school loan with an interest of 1⅝ percent. Over a 20-year period a $1 million loan at this rate of interest would produce a total cost of $1,179,320. This year the town of Newtown obtained a school loan at 3⅓ percent. The total cost over 20 years for a $1 million school at this rate would be $1,391,360—an increase in interest cost of more than $200,000.

The increased cost of interest for our greatly expanded highway programs goes into hundreds of millions of dollars. So it is in much of our defense program.

The consumer also feels directly the impact of costs of this high interest rate. The increase from 4½ to 6 percent on a 15-year, $10,000 home mortgage adds nearly $1,500 to the total cost of the house.

The increase in the carrying charge of a car is nearly $200. This additional cost is also part of the expense every home owner must pay for every refrigerator, washer, or vacuum cleaner bought on time.

In the field of private business the higher cost of interest drastically affects small business while leaving larger business relatively unaffected. The larger corporations today are able to maintain an expansion rate by drawing out of profits.

No one doubts that if interest rates were raised high enough, we could stop growth completely. No one wants to do that. But in the name of stopping inflation, we are moving in that direction. It is difficult for me to conceive of a clumsier tool than the tight money policy to achieve even the goals it is supposed to serve.

But the point is that cutting down the growth of America is not our problem. What we must do is speed up our growth and expand opportunity. That means more purchasing power, so that people can buy what they need—new schools, new hospitals, new homes.

WAGES AND PRICES

Finally we come to what I believe is another misconception in our economic thinking: our failure to recognize the extent to which the rising prices in 1956 and 1957 were caused not by excessive demand, nor by rising wages, but by prices which in several key industries have been set with almost no regard for market pressures of any kind.

The amount of inventory reduction that occurred in 1958 itself is an indication of the extent to which surpluses had been accumulated in previous years. Had consumer demand been strong and persistent, it is unlikely that we would today be operating below our productive capacity in almost every major field.

The automobile industry, for instance, will be lucky to produce three-quarters as many cars in 1959 as it produced in 1955 when our population was 9 million fewer than it is today. Steel was operating in January at only 74 percent of capacity, yet automobile and steel prices have been pushed steadily upward. In the building industry, there is substantial unused capacity and much available skilled labor.

Output in other major sectors of the economy—farm machinery, machine tools, trucks, household furnishings—have all tapered off from 1956 peaks.

Meanwhile, competent studies have shown that the greatest price rises in our recent experience have come in sectors of the economy where concentration of economic power, rather than competition, is the rule. In the more competitive industries such as food, leather, lumber, textiles, and farm products, prices either rose only slightly or actually declined between 1953 and 1957.

The more concentrated industries, those with considerable discretion over prices, have accounted for nearly 85 percent of the increase in the wholesale price level during this period.

Yet the frequency with which we hear such phrases as wage-price inflation typifies the way labor unions and guilt have been linked in the public mind.

I suggest that this is a particularly dangerous and unfair kind of sloganizing.

No doubt there have been cases here and there where labor has acted irresponsibly by pushing exorbitant wage demands. And no one who believes in an expanding economy will seek to excuse such wastefully inefficient practices as featherbedding.

But before we start assigning blame, we must look more closely at the record.

Since 1945 wages have gone up very substantially. But so has labor output per man-hour. Today we are turning out a far greater volume of manufactured goods than we were then.

Since 1945 the rise in labor output per man-hour has remained roughly comparable to wage increases in most industries. Even in those industries where it has lagged somewhat, the gap has been much too small to justify the bitterly unfair attacks that have been launched against the American labor movement as a whole. Much less can it justify the management determined price increases in a basic industry like steel.

INCENTIVES NEEDED

Mr. Speaker, our economy needs incentives to lift it out of our paralyzing, self-induced fears. It needs incentives to encourage growth and to make competition palatable, just as consumers need the encouragement of fair prices and better values.

At the very time when we should be devoting our every effort to finding ways to promote the growth we must have, we are slipping into petty recrimination over who is to blame for an inflation which, after all, does not constitute our major problem.

On top of that, we are being blocked, as on previous occasions in our economic history, by a massive negativism which finds it much easier to stand still than to search for feasible ways of moving ahead.

The need for a fresh affirmative approach becomes all the more urgent when we realize that while we are debating the problem of maintaining a 2 percent annual growth rate, the Soviet Union is expanding its economy at an annual rate of nearly 7 percent. While we are arguing about the inadequacy of our school system, the Soviets are turning out twice as many engineers and scientists. While we are considering cuts in our economic aid to the critical uncommitted nations of the world, the Soviets are substantially expanding their loans and grants to these same countries. While we are hesitating over a stepup in our missile production, Russia is bending 22 percent of her total economy to military defense.

NOT A POLITICAL ISSUE

In closing, Mr. Speaker, let me say that I am anxious that no one will misconstrue what I have said here today. I have no desire to attack any group, any special interest or any political party.

The lack of confidence in the dynamics of our economic system is something that to some extent has cut across party lines. So does an interest in growth.

For instance, many Members may be familiar with the Rockefeller "Report on the American Economy" which was published April 21, 1958. I believe that it should be "must reading" for every Member of this Congress.

This was one of a series of reports on America's position in the world today. These reports encompass our defense policy, our educational problems, our economic relationship with the underdeveloped areas, the use of our natural resources and the issue of economic growth, with which I have been dealing this afternoon.

These Rockefeller reports were planned and reviewed by an overall committee, of which I was a member. Each individual report, with its final recommendations, was put together by a special subcommittee of businessmen and economists. Democrats, I may add, were a very small minority.

Among the members were Gen. Lucius D. Clay, board chairman of the Continental Can Co.; the Reverend Theodore M. Hesburgh, president of Notre Dame; Arthur F. Burns, former chairman of President Eisenhower's Council of Economic Advisers; Mrs. Oveta Culp Hobby, former Secretary of the Department of Health, Education, and Welfare; David Sarnoff, board chairman of RCA; Frazar B. Wilde, president of the Connecticut General Life Insurance Co.; and James R. Killian, Jr., now Chairman of the President's Science Advisory Committee; Charles H. Percy, who today was appointed to head a committee set up by National Chairman Alcorn, to give the Republican Party itself a fresh perspective.

The chairman of this group was Nelson Rockefeller, present Governor of New York.

The Rockefeller economic report had the following to say on the question of economic growth:

> The first basic conclusion that emerges from our analysis is the very great importance of maintaining a high rate of growth. * * * A growth rate of 5 percent is possible if we realize fully our impressive opportunities for economic expansion. * * * Unless we achieve a 5 percent growth rate, we shall have to hold back otherwise desirable expenditures in the Government field and keep the growth of private expenditures below a level commensurate with our aspirations.
>
> America has a notable record of responding to challenges and making the most of opportunities. With our growing population, our extraordinary record of rising productivity, the inherent dynamism in our free enterprise economy, there is every reason to face the future with full confidence that we shall measure up to the challenges that lie ahead.

I am quoting from this report because I believe we should resist every attempt to turn this question into a political issue. I say this with particular emphasis because I believe there is an unfortunate effort in some circles of our Government and also in our industry to do precisely that.

More and more we see those who sincerely stress the critical need to meet the challenges of this nuclear age deliberately denounced as "spenders."

Those of us who urge a bolder approach to the future, with increased confidence in our economic system, are said to be a danger to the Republic and underminers of the American way of life. Those who speak for the status quo are lauded as sound citizens.

Mr. Speaker, I submit that those who draw political lines on such a basis are doing a grave disservice to America at a time of critical challenge.

I earnestly hope that men of good will on both sides of the aisle in this House and in the other body will unite in a determined effort to get at the central truths that affect our present economic performance.

Let us boldly, honestly, and without partisanship examine where we have gone wrong and pledge ourselves not to repeat these mistakes at a time when we can least afford them.

I have not intended these remarks as an endorsement of any particular legislative proposals. Rather I have tried to sketch a perspective from which we may view various bills that will come before this body in the next few months.

I am convinced that only from such a perspective can we learn how to engage America's great resources more effectively in the struggle for peace and freedom.

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

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

Mr. HOLIFIELD. I want to commend the gentleman for one of the finest talks on the economic situation which I think we have had in this session of the Congress. His explanations have been clear and concise, and he has backed it up with a great deal of information.

I was particularly pleased at the point that he made on the increase in interest rates on the national debt. A recent article in the Baltimore Sun pointed out that the cost of the national debt this coming fiscal year will be about $8 billion, which is $500 million more than it was last year. It also pointed out a very interesting thing, that in 1953 the interest paid to savings bond holders was $1.68 billion dollars. These are the ordinary people who buy savings bonds, and this year it is down to $1.53 billion; next year it is estimated it will bring $1.4 billion.

In contrast, the Baltimore Sun said that the total take of Government interest by financial institutions, by which they meant insurance companies, banks, trust funds, and so forth has skyrocketed from $3.3 billion in 1953 to $4.6 billion in 1959, and next year it will be $5.2 billion.

The import of this is that the increase in interest rates, certainly, being paid to the ordinary person who buy savings bonds is dwindling. As the gentleman points out the market today is only $86 for a $100 bond. In other words, all the interest the owner gets on it in 10 years will be less than the depreciation in the principal.

The real increase in the interest rate has gone to the big institutions, and I think this is a point which the present administration will have to meet, because one of the first acts that they took when they came into power was to offer certificates of indebtedness at an increased interest rate; and I remember that offering was subscribed to seven times over, which showed that there was not a need for that kind of offer at that time; there was plenty of money in the market place.

This is one point I am glad the gentleman brought out, and he brought out many other points which, of course, I will not comment on. I would like also while I have the privilege of speaking on the gentleman's time to point out the fact that another Member of Congress, the gentleman from Louisiana [Mr. PASSMAN], has sent each one of us a letter under date of February 25 in which he points out some very interesting facts in regard to who have been the spenders. He points out that under the Truman administration from 1945 to 1953 the national debt was reduced $3,350 million; and that as of June 30, 1959, under the present administration of President Eisenhower, it has increased $19 billion during his 6-year tenure; and he backs this up with a great deal of information from very reputable sources. I know each one of the Members will enjoy reading his letter.

Mr. BOWLES. I thank the gentleman, and I may say that I agree with him that these high interest rates have had particularly savage effects on small-income people.

If a wealthy man buys a Cadillac car he does not have to pay for it on the installment plan. He pays cash and avoids interest. Even if he buys a $100,000 building, he may pay cash, especially if his is a large corporation. It is the small fellow who takes the major impact of high interest rates. The effects are very undemocratic.

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

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

Mr. McCORMACK. The gentleman from Connecticut [Mr. BOWLES] has come to this body with a great background of experience, not only in the executive branch of Government, but also as Ambassador to India, in which position my distinguished friend performed his duties in an outstanding manner. So the gentleman from Connecticut [Mr. BOWLES] is well equipped to participate in the serious deliberations of the Congress and to make marked contributions.

In his maiden speech, the speech he has just made, he has demonstrated the profound depths of his understanding, his broad approach; there was nothing partisan at all in the gentleman's remarks. He has made one of the finest addresses and contributions I have ever heard during my 30-odd years as a Member of this body. I congratulate the gentleman, and I particularly congratulate the people of his district for electing him to the National House of Representatives.

Mr. BOWLES. I thank the gentleman, our distinguished majority leader, and my neighbor from Massachusetts.

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

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

Mr. COHELAN. I would like to join my senior colleague from California in offering my commendation for the remarks of the gentleman in reference to his statement on our economy. It occurred to me as the gentleman was reciting the condition of our country that there are many people in the United States who fear embarking upon a new program on the ground that in moving in the direction that is suggested by the remarks of the gentleman from Connecticut would in some way erode old values, such as thrift, and that we would in some way or other remove incentive. Would the gentleman care to elaborate on that general subject?

Mr. BOWLES. When there are 5 million people out of work, quite a dent in incentives has already occurred. When we jack up the interest rate to a point where the small businessman finds it very difficult and risky to start any new venture, we tend further to destroy incentives. The administration of our farm programs has tended to destroy hope and incentives on family-sized farms and to benefit instead the often absentee owners and managers of larger farms.

We have been doing many of these things for reasons which I am sure are considered genuine and sincere. But the results have been discouraging. We are destroying incentives rather than increasing them.

What we must strive to do is to develop in this country and abroad full markets for all that we can efficiently produce, then young people with ability will have the courage and confidence to start out for themselves, to go into business, to invest in socially useful production which is going to be beneficial all around.

Mr. COHELAN. I thank the gentleman, and I want to say that I highly endorse the gentleman's remarks.

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

Mr. BOWLES. I yield to the gentleman from Wisconsin.

Mr. REUSS. I, too, would like to commend the gentleman from Connecticut [Mr. BOWLES] for an extremely constructive address. I recall some 10 or 12 years ago buying with great profit to myself a paperback edition of the gentleman's book "Tomorrow Without Fear," which I read with a great deal of interest. Today the gentleman has applied to the problems of 1959 and beyond the same courageous outlook.

As a member of the Joint Economic Committee I have had the privilege of listening to various witnesses on this year's "economic report," and I was struck by the fact that almost unanimously the outside experts in economic and public affairs called in by the Joint Economic Committee surveying the situation for 1959 feel that the danger of inflation in 1959 in the way of drastic price rises was not a very great one. They also were practically unanimous in feeling that unfortunately the national objective of our maximum employment and maximum production was not likely to be attained in 1959. I should very much appreciate the gentleman's views on an estimate of the situation as provided by these outside experts.

Mr. BOWLES. It seems to me these views are probably right. We are now expanding our economy at no more than 2½ percent annually. The average since 1953 has been well under 2 percent. As I mentioned earlier, you have to contrast that among other things with the current level in the Soviet Union of 7 percent.

In this connection, the Rockefeller report rejects a 2-percent increase in expansion; it rejects a 3-percent increase in expansion; it rejects a 4-percent increase. It insists that America is capable of producing 5 percent more each year without inflation and with a stable economy. If we can key ourselves to that kind of activity and that kind of confident thinking, we can produce infinitely more than the Soviet Union can ever produce. Challenges which are now hard for us, challenges which now cause us to strain, will then become vastly easier to meet.

Now, I do not want to stress the recession of the last year. We are always bound to miscalculate somewhat. There were plenty of miscalculations last year, and we found ourselves in a recession. I think that mistaken decisions in regard to prices by certain closely controlled industries plus these high interest rates had a good deal to do with it, but that is a question of controversy.

Nevertheless, by allowing ourselves to slump as we did last year, and by taking so long to get out of it, we are literally throwing away $80 billion to $100 billion in production that we could have put to good use. This is production that the free world desperately needs—goods that we are not producing but should be producing, goods that would give us all a greater degree of prosperity and also give us increased national security.

Mr. THOMPSON of New Jersey. Mr. Speaker, will the gentleman yield?

Mr. BOWLES. I yield to the gentleman from New Jersey.

Mr. THOMPSON of New Jersey. I would like to thank the distinguished gentleman from Connecticut and say that I think this is an extremely useful service that he has performed. I am particularly impressed by the manner in

which he has done it, obviously very carefully studied, objective. His remarks regarding the recent recession, I think, reflect that temper. It is, indeed, controversial as to the precise effect of the high interest rate on the recession. Another controversial aspect was the failure, I think, on behalf of all of us to insist upon the implementation of the Full Employment Act, which might very well have helped a great deal. I shall preserve tomorrow's RECORD and reread the gentleman's remarks, but I thank him on behalf of all of us who have enjoyed this so much.

Mr. BOWLES. I thank the gentleman.

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

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

Mr. ROOSEVELT. I, too, would like to join my colleagues in expressing my additional appreciation for the privilege of listening to a very thoughtful and very thought-provoking discussion. I would like to ask the gentleman whether he feels that in the quest of the goal to increase our production levels it might not be possible to have exerted greater leadership in bringing the problems of management and labor into closer focus through the cooperation or the setting up of machinery which would enable management and labor to discuss their problems openly and frankly, bringing in, I hope, the interest of the general public, which often is forgotten, I am afraid, in the negotiations between the two, and thus through that machinery making the public more aware of the very great impact that must come upon our economy by any decision which is made, particularly in any one large industry. For instance, in the upcoming situation in the steel industry, any decision which is made is bound to affect not only the workers in the industry and the stockholders and the management of the steel industry but everybody else who uses the product, and that takes in nearly all of us. I am wondering if the gentleman would think it would be feasible or proper to give leadership or hope that leadership could be prevailed upon to provide that kind of machinery.

Mr. BOWLES. I think the gentleman has raised a provocative point. It is vital that we have machinery in this country which can place the real facts about these fundamental relationships before the people of this country: that is, the relationships of wages, prices, productivity, and profits. Let me refer to the Office of Price Administration again. We took considerable abuse during the war years, some of it even from Members of this body. Nevertheless we performed some useful functions.

One of them was this. We prepared precise statistical analyses industry by industry about what increased outputs were doing to the pressure on prices, about what was happening to wage rates, about the whole relationship of wages, productivity, prices, and profits. It seems to me important that this country should again have some source which consumers, farmers, labor, and management can all trust to give us the real facts on these crucial economic relationships.

This might discourage some labor unions from making inordinate demands. But it would often assist working people to get the wage increases to which they are legitimately entitled by their increased productivity.

Some people talk thoughtlessly about the dangers of higher wages. But where would this country be if it did not have high wages.

If we could find a way to an extra $500 into everybody's pay envelope through general increases of output, this country would very quickly be the richer for it. Or to consider what might happen to our economy right now if $500 were removed from each pay envelope. The present lingering recession would have been infinitely worse.

We do not now clearly see what all the relationships are. As we read about them in the papers, we are often reading positions taken by one group or another which has a particular bias. I certainly would concur in the gentleman's suggestion, and I hope that perhaps in this session of Congress something can be done to improve the machinery of reporting these relationships.

Mr. ROOSEVELT. I thank the gentleman, and I would simply add that in all of the discussion on questions of controversial issues which will come before us at a later time I hope we may remember the perspective which the gentleman has so very clearly and very well given us today.

Mr. BOWLES. I thank the gentleman from California.

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

Mr. BOWLES. I yield to the gentleman from South Dakota.

Mr. McGOVERN. Mr. Speaker, I should like to join my colleagues in expressing my own personal appreciation of this intelligent analysis of some of our economic problems that we have heard from the gentleman from Connecticut. Also I want to express my gratitude, over a long period of time, for the manner in which he has instructed my own thinking on public questions. I think I have read most of the articles and books the gentleman has authored, since 1940 in any event. I remember one in particular which he called "The New Dimensions of Peace." Here this afternoon he has suggested some of the new dimensions of our economy.

It is my own view that our success in meeting the challenge of peace depends to a great extent on how effectively we meet these economic challenges here at home.

In that connection, I have been particularly concerned with a more intelligent and imaginative use of our agricultural abundance as an instrument of foreign policy, as an instrument of peace. And I have suggested on numerous occasions that we ought to be using more imagination in converting farm surpluses, if I may use that term, into an asset rather than a liability and as a great force for international peace and freedom.

I wonder if the gentleman would care to comment on that.

Mr. BOWLES. I think the gentleman has made a very important point. We have a tremendous accumulated abundance in our farm economy, and we have not yet learned how to use it. That is clear. Public Law 480 provides a framework for more intelligent utilization of this abundance, but we still have a great deal more to learn.

In a broader world sense, our food-abundance situation is reminiscent of 1932 or 1933, when we had 16 million unemployed, many of whom were not getting enough to eat. Food was spoiling in our grocery stores and in the hands of distributors. Yet we were told that hungry people could not eat the spoiling food because so-called iron laws of economics stood in the way.

Gradually we caught a vision of how very wrongheaded we were. We realized that this dilemma was morally wrong, economically wrong, and socially wrong.

So we proceeded to bring the hungry people together with the food that might have spoiled. As a result, the country took hope again. It grew and expanded, workers got jobs, the farmers did better, and people ate properly.

In a way, we are now in a similar situation, with our tremendous capacity to grow food in an ill-fed world. Almost every nation in the world envies us for this capacity. What would the Soviet Union be doing at home, and in Asia, Africa, and Latin America, if they had our capacity? They would be using it ingeniously to bolster the homefront and to undermine our position elsewhere politically and in every other way.

We have made a good start in groping for answers to that question. But obviously we have not found all the answers, by a long shot. We have much further to go.

In a sense I would like to suggest that we are standing today where we stood in 1931. We are more and more aware of the gigantic problems stretched out before us. We realize we do not have clear answers to them. We are in disagreement about what is to be done, and because we are in disagreement, we often find one group set against another group in a most destructive way.

But in 1931, when everything looked so grim and bleak, we were also on the edge of a great surge of vitality, of great creativeness, of great forward strides.

I like to feel that we may be on the edge of a similar period today, and that we will soon again face up to the new techniques and methods and ideas that will be required of us, that we will soon again learn how to bring the infinite capacity of the American people and the American system to bear on the enormous challenges of today's world.

I should like to congratulate the gentleman from South Dakota on the lead he has personally taken on this vital question of turning our great food capacity to effective use.

Mr. McGOVERN. I thank the gentleman. I wonder if I may ask him further if he was not in India at the time some wheat shipments were made from the United States that were very helpful in meeting the problems that existed there.

Mr. BOWLES. The gentleman is quite right. The wheat shipments to India

in 1951 and 1952 helped save India from a famine. That wheat gave India its chance to begin to get up off its back. If we had not sent the wheat when we did, India by now would be facing greater problems than she does today.

Perhaps some of the answers to this question of world food distribution lie in a world food bank or in some similar new mechanisms or new techniques. But clearly as to other questions we shall have to find better and deeper answers than we have today.

I do not profess to have such answers. I only know that answers are urgently required, and that we should join hands across the aisle of this House to try to find them.

Mr. McGOVERN. I thank the gentleman.

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

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

Mr. HOLIFIELD. I was very much interested in the suggestion the gentleman made in regard to the world food bank, and also as to this whole problem of utilizing our food surpluses which are stacking up in our warehouses to the tune of many billions of dollars. As a general principle, would the gentleman think that in extending these food surpluses to these starving nations they should be extended on some type of long-range financial loan basis rather than on a free grant basis?

Mr. BOWLES. I think the gentleman has a good point in connection with our so-called food surpluses. By the way, I wish we could find a better word than "surplus." People who are hungry overseas are mighty confused when we talk about our food "surpluses" as something unwanted that we would like to sweep out of the way.

But I do think it is wise to accept local currencies and to plow those currencies back into efficient use in those countries to help their economies and to help our own programs in those countries. I know it is more acceptable to people in the recipient countries if we can keep agricultural agreements on that basis.

Of course, what happens to these currencies over the years, as we accumulate more and more of them, is another question to which we do not have adequate answers. Here is another new area that deserves a lot of study.

We are moving increasingly into unknown fields. But I think loans for repayment in local currencies are by all odds the best arrangements we have so far in the agricultural field.

I might add this: When you put a certain amount of wheat into an undeveloped country where people are out of work, in a sense you turn that wheat into development capital. If you need to dig more irrigation ditches, and you take a million people who are not employed to dig those irrigation ditches, and you make wheat and cotton cloth available, and give them even a meager wage with which to buy that wheat and cloth, you end up by creating a whole new irrigation system.

You have in fact transformed wheat into capital.

I am confident that in the coming years, we will learn much more about how we can turn the great farm abundance of this country into many of the capital improvements that are so desperately needed by the underdeveloped continents, which may play such a decisive role in tomorrow's world.

COMMODITY CREDIT PROGRAM

The SPEAKER pro tempore (Mr. WRIGHT). Under previous order of the House, the gentleman from Arkansas [Mr. GATHINGS] is recognized for 10 minutes.

Mr. GATHINGS. Mr. Speaker, the press has been carrying accounts in the last day or two about individuals and firms who have participated in the Commodity Credit Corporation loan programs. Among these participants were some from my State and district that I am privileged to serve. For example, it is alleged that the firm known as J. G. Adams & Son, of Hughes, Ark., had obtained a CCC loan in the amount of $420,343.70. The news items leave the impression that the Adams firm had obtained a subsidy from the CCC, or from the U.S. Government, of over $400,000. That is a misapprehension that ought to be clarified. I would like to present some facts with respect to these transactions. I have here a telegram which was just received by me from Greenwood, Miss. As a matter of fact, the Adams firm dealt through the Staple Cotton Cooperative Association, of that city since it was a member of that marketing organization. It is directed to me under date of February 26:

> In regard to the recent statements that major benefits under the Government price-support program have gone to the very large corporate operations, I give you below the following information:
>
> On cotton pledged for the loan and withdrawn with dollar amounts involved on the 1957–53 operations of J. G. Adams & Son, Hughes, Ark.:
>
> Total bales pledged to the loan, 3,024; gross amount $420,343.70.
>
> Total bales withdrawn from the loan—of the 3,024 put in—2,706.
>
> The amount comes to the sum of $385,-121.01.
>
> The interest paid by J. G. Adams & Son with respect to that cotton was $2,871.82. The total left in the loan was 318 bales.

So almost 90 percent of the cotton had been withdrawn by Adams & Son and sold. Adams & Son paid the carrying charges as well as the interest on the transactions. So there was no subsidy and could not be unless some of this cotton, after title passed to CCC was subsequently sold by the Government for less than it cost the agency.

The remaining 318 bales of cotton are held subject to the order of Adams and if Adams wants to sell that cotton it could withdraw the balance of 318 bales before the takeover date by the Commodity Credit Corporation.

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

Mr. GATHINGS. I yield. Mr. Speaker, I want to say that the gentleman from Georgia is one of the best informed men in this House with respect to all phases of the cotton program as well as with regard to any farm problem. He is an outstanding farmer, merchant and businessman who is doing a superb job for his people and the Nation.

Mr. PILCHER. Mr. Speaker, I am glad the gentleman brought this to the attention of the House. I saw that article. It merely sets out the amount of the load. For instance, about 5 years ago I had something over 11,000 bales of cotton in my warehouses in south Georgia that belonged to the farmers. Today I do not have three or four hundred bales. All of that cotton has been pulled out of the warehouse. Not only the interest has been paid to the Government, but all the warehouse charges have been met. They are all bonded warehouse receipts and in order to get a loan from the Commodity Credit Corporation, your warehouse has to be a bonded warehouse. You can take that receipt to any bank if you want to and borrow money on it. In the case of Adams, they would have owed the bank thousands of dollars, but when they sold the cotton they paid it back. There is no subsidy whatever.

Now to be fair about this subsidy, the farmer has 12 months. He puts his cotton in the warehouse and he has 12 months in which to redeem it. He has until June 30 the following year. If the farmer has not taken it out and sold it, then the Government takes it over and sells it. Of course any price below the loan would be a subsidy, but in the case of cotton it is very, very small.

Mr. GATHINGS. It is a storable commodity. The cotton is there ready for shipment.

Mr. PILCHER. That is correct.

Mr. GATHINGS. I appreciate the comments of the gentleman from Georgia [Mr. PILCHER]. As a matter of fact, the Commodity Credit Corporation program on cotton, as well as on these other storable commodities, is a program that means for the orderly marketing of that commodity. It goes into that loan during the harvest season. The farmer puts it in there during September, October, and November, and he withdraws it from the loan during the lax season, January, February, or March. So it is a great protection to the little farmer as well as to the big farmer, because the big farmer takes advantage of it since he withdraws it from circulation, and therefore it stabilizes the price at a time when the crop is moving at harvesttime.

I want to call attention to another operation. The Miller Lumber Co., at Marianna, Ark., is alleged to have participated in the Commodity Credit Corporation to the extent of $319,000. This farming operation placed some 1,575 bales of cotton in the CCC program for the purpose of orderly marketing of the commodity at a more propitious time. Of this amount, all but one bale was redeemed through payment of interest and carrying charges, and sold out of the loan. There was only one bale left of the Miller Lumber Co. cotton according to the information furnished by this firm.

Now let us look at the situation that exists with regard to the Producers Rice Mill, at Stuttgart, Ark. That happens to be in the district represented by

the gentleman from Arkansas [Mr. NORRELL], but I wanted to bring it to the attention of the House. The Producers Rice Mill, Inc., was in the program for $1,460,902.11. That is a farmer-owned cooperative established for the purpose of drying and milling rice of the members of the cooperative. There are about 400 rice farmers who are members of this association. That is not one firm. Four hundred farmers participated since they produced the rice and those farmers find it more economical to deliver their rice to the mill for handling and to store the rice at the mill, rather than take it back for storage on the farm. This rice, delivered by some 400 growers, is placed in the loan for orderly marketing. Mr. H. M. Alderson, general manager of the cooperative, states that all but about 30 percent of this rice has been sold out of the loan, with payment of interest and carrying charges made to the Government.

Mr. Speaker, is it an evil to own a large farm in this country? It would be just as well that we would argue that only an industry which employs 50 or 100 people could get the benefit of the restrictions on imports. If a factory employs a larger number of workers it would not enjoy the benefit that would accrue to the smaller plant. A large farm is an aggregation of small farms when we use the share crop system, which is done in so many parts of the country. Each such small farmer works by contract. Now, the theory that a person who has his money invested in land and applies his talents and hard work should be denied equal opportunities with that of others is not in keeping with the principles, aims, and objects of the American people. All persons should be treated alike and none given any special advantage over the other. To do otherwise would amount to unjust discrimination.

It may be confusing to some as to why growers would place their cotton, rice, or other basic commodities in the loan and then redeem it at a later date. They do this because Congress devised a program to assist in providing orderly marketing of farm commodities and to prevent farmers from being at the mercy of a market glutted at harvesttime by the full year's production. Indeed, the Agricultural Adjustment Act of 1938, as amended, carries this statement as to the declaration of policy:

SEC 2. It is hereby declared to be the policy of Congress * * * to assist in the marketing of agricultural commodities for domestic consumption and foreign export; and to regulate interstate and foreign commerce in cotton, wheat, corn, tobacco, and rice to the extent necessary to provide an orderly, adequate, and balanced flow of such commodities in interstate and foreign commerce through storage of reserve supplies, loans, marketing quotas, assisting farmers to obtain, insofar as practicable, parity prices for such commodities and parity of income.

Back in 1956 when this same type of propaganda was used in an effort to discredit our agricultural population, the following chart was placed in the CONGRESSIONAL RECORD to illustrate how this loan and redemption program operated in one instance. From this outline the orderly marketing operations of one grower is shown and it indicates that had no such program been available all of this cotton would have been thrown into the market at harvesttime and would have resulted in distress sales by the grower and his neighbors while the price of cotton would have been beaten down. This is the purpose of the program—to insure an orderly flow of cotton and other farm commodities to market to insure the stability of a fair price to the grower and an adequate supply to the consumer.

See from the following statistics how one cottongrower utilized this loan and redemption program and note the results—of a total of $1,292,473.25 worth of cotton placed in the loan, the grower redeemed all but 68 bales, repaying to the Government $1,261,972.04 plus $16,368.39 interest.

	Placed in Government loan		Withdrawn from Government loan		
	Bales	Amount	Bales	Amount	Interest paid
1954—September	1,424	$257,286.19			
October	1,939	339,241.31	173	$29,682.92	$19.21
November	3,910	650,556.01	539	86,311.86	140.62
December	245	39,060.63	90	14,544.04	42.28
1955—January	14	2,233.10	431	70,980 92	331.77
February			3,060	523,099.34	4,712.92
March	22	4,096.01	10	1,505.49	13.44
April			863	149,936.22	2,334.57
May			864	148,820.85	2,689.67
June			864	148,761.94	3,098.69
July			592	108,328.46	2,985.22
Total loan	7,554	1,292,473.25	7,486	1,281,972.04	16,368.39
Withdrawn	7,486	1,281,972.04			
Loan balance	68	10,501.21			

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

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

There was no objection.

HELLS CANYON OF THE SNAKE RIVER

The SPEAKER pro tempore. Under the previous order of the House, the gentleman from Oregon [Mr. ULLMAN] is recognized for 15 minutes.

Mr. ULLMAN. Mr. Speaker, the Middle Snake River is about to be plunged into further controversy by pending private power company application for permission to build another dam, probably at the Mountain Sheep site. I am opposed to this filing because in my opinion it is against the public interest.

The situation is this. The stretch of the Snake River which forms the common boundary between Idaho and Oregon is known as the Hells Canyon of the Snake River. It is the deepest canyon on the North American Continent, deeper even than the Grand Canyon of the Colorado River.

The upper or southern half of this stretch of canyon was proposed by both the Army Corps of Engineers and the Bureau of Reclamation as the site of the 91-mile long Hells Canyon Dam reservoir.

The lower or northern half of this stretch of canyon has been proposed by the Army Corps of Engineers for development by means of the 64-mile Nez Perce Dam reservoir.

As outlined in its 308 report in 1948, the Corps of Engineers proposed that the Nez Perce Dam be about 615 feet high and have a usable flood control and hydroelectric power storage of 4,800,000 acre-feet. The power installation was proposed for almost 2 million kilowatts and this figure has since been increased to almost 2½ million kilowatts—or more than the capacity of Grand Coulee Dam and more than the capacity of the Kuibyshev Dam in Russia which is today the largest hydroelectric dam in the world.

The two proposed dams, the Nez Perce and, 64 miles upstream, the Hells Canyon Dam, would have been similar to having two Hoover Dams in the same long canyon in stairway fashion.

The downstream project, the Nez Perce Dam, would have a tremendous additional advantage because it would dam two rivers for the price of one dam. In addition to the 64-mile-long reservoir up the Snake River, the Nez Perce Dam would also back water up the famous Salmon River, a distance of 63 miles. The Nez Perce Dam would be located 2½ miles below the confluence of the Salmon River and the Snake River.

The opportunity to dam two rivers with one dam is rare. TVA's Norris Dam stores water on both the Clinch and the Powell Rivers. Shasta Dam in California dams the Sacramento, the McCloud, and the Pit Rivers.

Because of the involvement of the Salmon River, the Nez Perce Dam has a fish problem, as almost a third of the great salmon runs of the Columbia River go up the Salmon River for spawning. This has been made possible by the installation of fish ladders in the downstream dams such as the Bonneville Dam, the Dalles Dam, and the McNary Dam. The highest hydraulic lift of these fish ladders will be about 100 feet in the case of the Ice Harbor Dam which is now under construction.

In our present experience, this is the limit in the height of fish ladders. We started with 60 feet at Bonneville Dam, then 80 feet at McNary Dam and we have full confidence in the 100-foot ladder.

We have no experience with ladders for 600-foot dams. However, much research is in progress and there are many hopeful signs of solution. In fact the Federal Power Commission has approved the so-called skimmer device for use at the Brownlee Dam and the Pelton Dam, both of which are in my congressional district.

In my opinion, a private filing, prior to the hearings scheduled by the Army's Board of Engineers for Rivers and Harbors on the 308 review report on the Columbia River and tributaries, would be contrary to the public interest. These hearings will take place in Portland, Oreg.; Lewiston, Idaho; Missoula, Mont.; and in Washington, D.C., the second week of March.

The critical issue at these hearings will be on whether the corps should recommend to Congress the building of the Nez Perce Dam as proposed in 1948 or two alternative projects. The alternatives are the construction, at this time, of the high Mountain Sheep Dam on the Snake River and, later, the construction of the lower Canyon Dam on the Salmon River when the fish passage problem is solved.

However, the Nez Perce Dam would cost at least $150 million less, produce more effective flood control and provide more power at a lower cost per kilowatthour. In short, the Nez Perce Dam would provide for full, comprehensive development on a truly multiple-purpose basis. The ultimate construction of the Nez Perce Dam should be in the public interest.

The chief argument in favor of the high Mountain Sheep Dam is that it can be built now without waiting for the solution of the fish problem on the Salmon River. My answer to this argument is that we have taken quite a few million years to carve this superb canyon. We have foregone the benefits of its waterpower and upstream storage potential all these years. It will not break us to wait a few more years.

I am confident that the fish-passage problem is on its way to solution. This confidence warrants action by the Congress to place this stretch of river under the status of a reservation until we can have a "yes" or "no" answer on the fish solution.

I am not advocating the immediate authorization and construction of the Nez Perce Dam. I would favor its conditional authorization—conditional on the solution of the fish-passage problem.

Support for this project has been widespread. Earlier this month, Washington was host to over 7,000 people attending the annual membership meeting of the National Rural Electric Cooperative Association. This meeting adopted a resolution calling upon Congress to authorize the Nez Perce Dam contingent upon the solution of the fish-passage problem.

Another event earlier this month was the action of the Columbia Basin Interagency Committee at Boise, Idaho, on February 11 in adopting the recommendation of its fisheries subcommittee calling for a speedup in fisheries research. I am proud to say that the chairman of the CBIAC fisheries subcommittee is the Honorable Albert Day, director of fisheries, State of Oregon.

We in Oregon are proud of Al Day because he has shown constructive leadership, patience, and initiative in dealing with the difficult problems which have too often taken the form of a fish versus power controversy. For example, some years ago it was Al Day who had the foresight to say that 100-foot fish ladders in the proposed Ice Harbor Dam would be feasible and thereby facilitated the decision to go ahead with this project.

Another good sign is the recent progress in what is called fish farming. The Japanese have long had great success in raising salmon by means of artificial spawning beds in contrast to our hatchery methods. The Japanese method is much cheaper, produces more fish and reduces the risk of disease. Fish farming is just getting started in Washington, Oregon, and British Columbia. A few more years of experimentation are needed to provide assurance that the fish farming method will supercede the conventional hatchery.

Here again more research is needed. The CBIAC fisheries subcommittee program of fisheries research at a cost of $700,000 for the next year is worthy of our support. The 5-year cost will be a little over $3 million.

A final consideration favoring a reservation of the Nez Perce reach of the Snake River pending solution of the fish problem is the matter of the Asotin Dam. The Corps of Engineers has just recommended the Asotin Dam as the uppermost of the navigation projects on the Snake River to make navigation possible to the lime deposits at Lime Point. The Asotin Dam will provide slack water navigation to the Nez Perce damsite. Such navigation will make unnecessary the construction of a $15 million railroad to the Nez Perce site. A reasonable waiting period will thus permit a reduction in the cost of the Nez Perce Dam.

Mr. Speaker, these considerations warrant attention by the Congress together with appropriate action. It seems to me that we should not idly sit by, thus making it necessary for the general public to spend untold thousands of dollars in order to convince the Federal Power Commission of the need to protect natural resources.

The Snake River belongs to the public, and should be developed in a manner that will insure full utilization.

Unfortunately, the Corps of Engineers in its 308 review report is gradually vacillating its way from an endorsement of the Nez Perce Dam toward approval of the private utility point of view. Apparently this inclination was a last minute decision on the part of the Corps of Engineers because this recently issued five-volume report contains a two-dam recommendation in the front of the report, but someone forgot to change the appendix which clearly shows the superiority of the Nez Perce Dam.

Mr. Speaker, as this situation develops, it is my hope that we in the Congress can adopt a resolution to place this reach of the Snake River in the status of a temporary reservation, and during such a reservation period that we pursue the fisheries research program recommended by the fisheries experts.

STATEMENT IN SUPPORT OF A JOINT BUDGET COMMITTEE

Mr. BURKE of Kentucky. Mr. Speaker, I ask unanimous consent that the gentleman from New Jersey [Mr. RODINO] may extend his 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 have today introduced a bill to amend two sections of the Legislative Reorganization Act of 1946 in a way that will provide the Congress with procedures and staff for improved evaluation of the fiscal requirements of Federal executive agencies.

The first of the amendments creates an effective Joint Budget Committee, to replace the long-abandoned Legislative Budget Committee. The earlier committee, established by the Reorganization Act, never was practical. It was anomalous in principle, because its was required to prejudge in a matter of days the results of the detailed studies which Appropriations Committees make throughout most of each session of Congress. It was mistaken in principle also because the committee membership included both the Appropriations Committees and the Tax Committees, yet was required to establish targets for appropriations action alone.

My bill establishes from the membership of the Appropriations Committees alone a small committee on the budget. The organization, staff and duties of the committee insure that it will be active, that it will be concerned with functions that are both feasible and necessary for adequate consideration of the budget, and that the information and counsel which it supplies will contribute effectively to economy and efficiency of government.

The Joint Budget Committee will be an active committee because it is limited in size to 16 members drawn from the Appropriations Committees. Nine of the members will come from the House Committee on Appropriations and seven will come from the Senate committee. The number is sufficiently small that sessions can be arranged without disrupting the Congress. And the slight numerical advantage of the House Members insures that the committee will reach decisions. Similarity of interest and purpose can be expected in a committee composed entirely of members of the Appropriations Committees, with the result that all participate actively in the pursuit of the duties assigned the committee. The duties of the Joint Budget Committee extend throughout the session of Congress. They are not limited to a few days at the beginning of the session. The committee therefore would be effective at all periods during the consideration of legislation. Since the membership are all from the Appropriations Committees,

there would be no loss of position or authority for the members of those committees. The information obtained by the Joint Budget Committee is certain to affect appropriations legislation, because the members of the joint committee which reports the information are members of the Appropriations Committee which writes the legislation. The membership of the Appropriations Committees of the two Houses will have worked together from the beginning of the consideration of the budget, rather than waiting until bills have come to conference and consequently fewer disagreements should arise from the detailed examination of budget estimates in each House.

The Joint Budget Committee is concerned first of all, but not exclusively, to examine information relative to agency budgets, and to provide for Appropriations Committee use information which will be adequate in considering agency budgets. Consistently with this purpose, the staff of the joint committee will be assigned to attend hearings held by subcommittees, to examine agency books for the joint committee, and to counsel the Appropriations Committees.

The joint budget committee is expected to relate appropriations to the whole problem of fiscal requirements and the legislation which creates programs for which money must be appropriated. The joint committee is required to consider information supplied in the President's reports on the economy, and on the state of the Nation. It will consider Treasury and other information about revenues. It also has the duty, consistent with the purpose of fitting appropriations and other legislation into an effective pattern, of reporting to other committees any information it develops relating to deviations from basic legislative authorization, inconsistencies between appropriations and basic legislative authorization, and cutbacks in authorized programs which require appropriations.

The joint committee will consider revenue estimates, but revenues are not made the guide to its deliberations. It is instead to direct its attention, and its reports to the appropriations committees, toward ascertaining how to bring appropriations to the minimum amounts which will provide for the requirements of Government operations and the national security. Consistently with the goal of supporting Government operations and the national security, the joint budget committee will recommend legislation to increase efficiency and economy in Government.

The second section of the proposed bill requires the development of information which will make possible the appraisal of programs from the standpoint of their ultimate budgetary requirements. It requires that the budget document include a special analysis showing the ultimate full costs of all active long-term construction and development programs and projects authorized by the Congress. Grant-in-aid programs are to be included in this analysis. Further, reports on legislation which authorize appropriations are required to include estimates of the probable cost of carrying out the proposed legislation over the first 5-year period of its operation.

The reason for requiring the development and presentation of such information is that the major changes in requirements for appropriation and expenditure of public funds is not increases or reductions in amounts for established activities—increases or reductions required only for economy and efficiency—but major changes derived from the development of new Federal projects and programs. Action on appropriations can be enlightened and reasonable only if the committees and the Congress have knowledge of the future costs for which the Government is being obligated, when programs are authorized and the first appropriations are made.

The bill requires that the joint committee employ a professional staff, but leaves to the wisdom of the committee the determination of the size of that staff.

The bill provides for close cooperation by the Bureau of the Budget with the joint committee and with the Appropriations Committees and consequently it does not imply that the Congress will attempt to make itself independent in budgetary matters from the executive departments. That is to say, the progress of the last 37 years in the development of the executive budget will not be discarded. There is no attempt to return to prebudget conditions in this bill.

WATER RESEARCH

Mr. BYRNES of Wisconsin. Mr. Speaker, I ask unanimous consent that the gentleman from Utah [Mr. DIXON] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. DIXON. Mr. Speaker, there is now a widespread recognition that insufficient usable water could become a major bottleneck to the further development of this great Nation. Consequently, the Congress asked the Department of Agriculture to prepare a study of future water research needs. The results of this study are to be presented to the Congress by March 1.

Now is a time of keen interest on the part of the Congress in following through with a well conceived plan and program of expanding water research activity. I hope that the Congress will choose to establish several minimum size regional laboratories rather than a single superwater laboratory.

The reasons for this are as follows: First, a single super lab would prove more costly to construct than the expansion of existing facilities at several key locations. Second, the operation of a single super lab would duplicate the work already being done at many existing facilities. Third, by establishing several minimum size marginal laboratories research can be divided among them so as to fit local needs and grassroot sentiment. Fourth, by establishment of several labs most if not all of them could be located at land-grant colleges where they could help train new scientists by becoming integrated into graduate study programs of the colleges.

It is especially urgent that at least one of these new labs be a hydraulic engineering laboratory. Most of the water research which is done has been concerned with the interaction between soil and water. However, the engineering aspects of the physical control of water has long been neglected, yet, it is precisely in these engineering aspects where we make the major expenditures for water development. For example, we do not even have a simple device to measure the water received by each irrigation user. The invention of such a device would be a great stride toward the efficient and economical use of water.

I am today introducing a bill for the establishment of a regional water laboratory at Utah State University because it is unquestionably the best location for a laboratory doing basic research in the engineering aspects of the physical control of water.

The following is a brief summary of tangible evidences why the West and the Nation would be benefited by the selection of Utah State University for this hydraulic laboratory:

First. Utah State already has a dam and reservoir with facilities valued at $500,000 at least. The site is unparallelled at other land-grant universities in the 17 reclamation States because of the firm discharge, storage capacity, and regulation, the stable and ample flow of high quality water from the Logan River, and the lack of pumpage expense. Developing of a comparable storage reservoir for regulating flow would cost in the millions of dollars even at the most favorable sites at other locations.

Second. Utah State University has produced more advanced degrees in the field of water than any other university in the reclamation West over the past 15 years. USU has a qualified staff, library facilities, and has long led in research on water problems of the irrigated West.

Third. The Foreign Agricultural Service of USDA has chosen Utah State University as the training center for officials from foreign countries responsible for irrigation agriculture. More than 200 have participated in approximately the past 5 years.

Fourth. Utah is near the center of the 17 reclamation States and near the center of reclamation activity and has representative agricultural and climatic conditions. Utah State would be conveniently located for assistance with difficult hydraulic engineering problems anticipated with the Colorado storage project, the largest single reclamation program ever authorized by Congress.

Fifth. Water engineering and fluid mechanics are important to national security, and designation of Utah State would conform to the policy of dispersal.

Sixth. Utah State has a very qualified engineering staff, including Dean D. F. Peterson, Jr., of the college of engineering, who has had extensive experience with water research at the world famous Fort Collins Water Laboratory in Colorado.

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. GATHINGS, for 10 minutes, today.

Mr. ULLMAN, for 15 minutes, today.

Mr. DAVIS of Georgia, for 1 hour, on Thursday, March 5.

Mr. LINDSAY, for 10 minutes, on Thursday, March 5.

Mr. WHITTEN, for 30 minutes, March 3.

Mr. STAGGERS, for 10 minutes, today.

Mr. VANIK, for 20 minutes, on Monday next.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. JACKSON (at the request of Mr. MICHEL) and to include extraneous matter.

Mr. DAGUE.

Mr. HARRIS (at the request of Mr. MCCORMACK) and include extraneous matter.

Mr. BOGGS (at the request of Mr. MCCORMACK) and include extraneous matter.

Mrs. KELLY (at the request of Mr. MCCORMACK) and include extraneous material.

Mr. BROOKS of Louisiana and include extraneous matter.

Mr. METCALF (at the request of Mr. BURKE of Kentucky) and to include extraneous matter.

At the request of Mr. BYRNES of Wisconsin, the following Members to revise and extend their remarks:

Mr. PELLY and to include extraneous matter.

Mr. SAYLOR (at the request of Mr. BYRNES of Wisconsin) and to include extraneous matter.

ADJOURNMENT

Mr. BURKE of Kentucky. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to. Accordingly (at 2 o'clock and 17 minutes p.m.) the House, pursuant to its previous order, adjourned until Monday, March 2, 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:

625. A letter from the Adjutant General, Veterans of Foreign Wars of the United States, transmitting the proceedings of the 59th National Convention of the Veterans of Foreign Wars of the United States, held in New York, N.Y., August 17–22, 1958, pursuant to Public Law 249, 77th Congress (H. Doc. No. 84); to the Committee on Armed Services and ordered to be printed with illustrations.

626. A letter from the Acting Secretary of Defense, transmitting a draft of proposed legislation entitled "A bill to authorize the commandant of the Judge Advocate General's School to award appropriate degrees and credits"; to the Committee on Armed Services.

627. A letter from the Secretary of Labor, transmitting a draft of proposed legislation entitled "A bill to amend and clarify the reemployment provisions of the Universal Military Training and Service Act, and for other purposes"; to the Committee on Armed Services.

628. A letter from the Administrator, General Services Administration, relative to a notice of a proposed disposition of 66,000 pounds of pyrethrum (20 percent) extract now held in the national stockpile, pursuant to the Strategic and Critical Materials Stock Piling Act; to the Committee on Armed Services.

629. A letter from the Director, Bureau of the Budget, Executive Office of the President, transmitting a draft of proposed legislation entitled "A bill to further amend the Reorganization Act of 1949, as amended, so that such act will apply to reorganization plans transmitted to the Congress at any time in conformity with the provisions of the act"; to the Committee on Government Operations.

630. A letter from the Secretary of the Interior, transmitting the third annual report on the accomplishments of the anthracite mine-water control program, pursuant to the act of July 15, 1955 (69 Stat. 352, 30 U.S.C. supp. V, secs. 571–576); to the Committee on Interior and Insular Affairs.

631. A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation entitled "A bill to donate to the Pueblo of Isleta certain Federal property in the State of New Mexico"; to the Committee on Interior and Insular Affairs.

632. A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation entitled "A bill to revise the boundaries of the Montezuma Castle National Monument, Ariz., and for other purposes"; to the Committee on Interior and Insular Affairs.

633. A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation entitled "A bill to authorize the use of the revolving loan fund for Indians to assist Klamath Indians during the period for terminating Federal supervision"; to the Committee on Interior and Insular Affairs.

634. A letter from the Chairman, United States Atomic Energy Commission, transmitting a revised draft of legislation entitled "A bill to authorize appropriations for the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes"; to the Joint Committee on Atomic Energy.

635. A letter from the Administrator, National Aeronautics and Space Administration, transmitting a report covering the contracts negotiated by the National Aeronautics and Space Administration and its predecessor, the National Advisory Committee for Aeronautics, during the period July 1, 1958, to December 31, 1958, pursuant to the authority of 10 U.S.C. 2304(a)(11) and (16); to the Committee on Science and Astronautics.

636. A letter from the Secretary of Commerce, transmitting a draft of proposed legislation entitled "To increase the duty-free allowance for articles acquired abroad by residents of the United States"; to the Committee on Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mrs. PFOST: Committee on Interior and Insular Affairs. H.R. 3495. A bill to direct the Secretary of the Interior to administer certain acquired lands as revested Oregon and California railroad grant lands; without amendment (Rept. No. 81). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLS: Committee on Ways and Means. H.R. 137. A bill to allow a deduction, for Federal estate tax purposes, in the case of certain transfers to charities which are subjected to foreign death taxes; with amendment (Rept. No. 82). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLS: Committee on Ways and Means. H.R. 1219. A bill to amend section 2038 of the Internal Revenue Code of 1954 (relating to revocable transfers); without amendment (Rept. No. 83). Referred to the Committee of the Whole House on the State of the Union.

Mr. RIVERS of South Carolina: Committee on Armed Services. H.R. 3368. A bill to extend the special enlistment programs provided by section 262 of the Armed Forces Reserve Act of 1952, as amended; without amendment (Rept. No. 84). Referred to the Committee of the Whole House on the State of the Union.

Mrs. PFOST: Committee on Interior and Insular Affairs. H.R. 3496. A bill to revise the boundaries of the Kings Mountain National Military Park, S.C., and to authorize the procurement and exchange of lands, and for other purposes; without amendment (Rept. No. 85). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ARENDS:

H.R. 5040. A bill to amend and clarify the reemployment provisions of the Universal Military Training and Service Act and for other purposes; to the Committee on Armed Services.

By Mr. BALDWIN:

H.R. 5041. A bill to authorize the improvement of the Walnut Creek Basin, Calif., for flood control as recommended in House Document No. 76, 86th Congress; to the Committee on Public Works.

By Mr. BENNETT of Michigan:

H.R. 5042. A bill to amend the Communications Act of 1934 to subject television networks to certain controls designed to assure that their operations are in the public interest; to the Committee on Interstate and Foreign Commerce.

By Mr. BENTLEY:

H.R. 5043. A bill to amend the Internal Revenue Code of 1954 with reference to jeopardy assessments, and for other purposes to the Committee on Ways and Means.

By Mr. BROCK:

H.R. 5044. A bill to amend section 21 of the Second Liberty Bond Act to provide for the retirement of the public debt; to the Committee on Ways and Means.

By Mr. BURLESON:

H.R. 5045. A bill to authorize each Member of the House of Representatives to employ an administrative assistant; to restrict the payment of dual compensation by the Clerk of the House; to provide that the basic compensation of certain positions under the House of Representatives shall be fixed at multiples of $50; and for other purposes; to the Committee on House Administration.

By Mr. CELLER:

H.R. 5046. A bill to control the future expansion of bank holding companies; to the Committee on Banking and Currency.

H.R. 5047. A bill to authorize the National Inventors Council to make awards for inventive contributions relating to the national defense; to the Committee on the Judiciary.

By Mr. COHELAN:

H.R. 5048. A bill to authorize a 5-year program of grants and scholarships for collegiate education in the field of nursing, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. DANIELS:

H.R. 5049. A bill to protect the right of the blind to self-expression through organizations of the blind; to the Committee on Education and Labor.

By Mr. FINO:

H.R. 5050. A bill to provide opportunity for Government employees to produce and examine witnesses in connection with actions involving dismissal from the service, and for other purposes; to the Committee on Post Office and Civil Service.

H.R. 5051. A bill to amend title II of the Social Security Act to provide monthly insurance benefits in certain cases for brothers, sisters, and other relatives of individuals who die fully insured under such title; to the Committee on Ways and Means.

By Mr. GEORGE:

H.R. 5052. A bill to provide for the reporting and disclosure of certain financial transactions and administrative practices of labor organizations and employers, to prevent abuses in the administration of trusteeships by labor organizations, to provide standards with respect to the election of officers of labor organizations, and for other purposes; to the Committee on Education and Labor.

H.R. 5053. A bill to repeal section 14(b) of the National Labor Relations Act which relates to the validity of so-called right-to-work laws; to the Committee on Education and Labor.

By Mr. HERLONG:

H.R. 5054. A bill to amend the Tariff Act of 1930 with respect to the marking of imported articles and containers; to the Committee on Ways and Means.

H.R. 5055. A bill to remove a restriction on the use of certain real property heretofore conveyed to the city of St. Augustine, Fla., by the United States; to the Committee on Merchant Marine and Fisheries.

H.R. 5056. A bill to amend the Internal Revenue Code of 1954 to provide for amortization deductions with respect to housing facilities for farmworkers; to the Committee on Ways and Means.

H.R. 5057. A bill to amend section 1552, title 10, United States Code, and section 301 of the Servicemen's Readjustment Act of 1944 to provide that the Board for the Correction of Military or Naval Records and the Boards of Review, Discharges, and Dismissals shall give consideration to satisfactory evidence relating to good character and exemplary conduct in civilian life after discharge or dismissal in determining whether or not to correct certain discharges and dismissals; to authorize the award of an exemplary rehabilitation certificate; and for other purposes; to the Committee on Armed Services.

By Mr. JENNINGS:

H.R. 5058. A bill to amend section 101(c) of the Agricultural Act of 1949 to stabilize and protect the level of support for tobacco; to the Committee on Agriculture.

By Mr. JOHNSON of Colorado:

H.R. 5059. A bill to amend title II of the Social Security Act to include Colorado among the States which may divide their retirement systems into two parts so as to obtain social security coverage, under State agreement, for only those State and local employees who desire such coverage; to the Committee on Ways and Means.

By Mr. LANGEN:

H.R. 5060. A bill to amend the Agricultural Act of 1949 to provide full parity for wheat by incremental price supports and reduced production and surpluses by voluntary participation, and for other purposes; to the Committee on Agriculture.

By Mr. McGINLEY:

H.R. 5061. A bill to amend section 21 of the Second Liberty Bond Act to provide for the retirement of the public debt; to the Committee on Ways and Means.

By Mr. MADDEN:

H.R. 5062. A bill to amend the Internal Revenue Code of 1954 to provide an exemption from the communications tax for wire services used in the education of handicapped individuals; to the Committee on Ways and Means.

By Mr. GEORGE P. MILLER:

H.R. 5063. A bill to amend chapter 15 of title 38, United States Code, to provide for payment of a pension of $100 per month to World War I veterans who have attained the age of 60 years; to the Committee on Veterans' Affairs.

By Mr. MITCHELL:

H.R. 5064. A bill to amend section 6421(c) of the Internal Revenue Code of 1954 to permit the filing of claims for refund of certain gasoline taxes where the period otherwise prescribed for the filing of such claims has expired; to the Committee on Ways and Means.

By Mr. PERKINS:

H.R. 5065. A bill to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas; to the Committee on Banking and Currency.

By Mr. STRATTON:

H.R. 5066. A bill to regulate the foreign commerce of the United States by establishing quantitative restrictions on the importation of handwear; to the Committee on Ways and Means.

By Mr. THOMPSON of Louisiana:

H.R. 5067. A bill to repeal section 217 of the Merchant Marine Act, 1936, as amended; to the Committee on Merchant Marine and Fisheries.

H.R. 5068. A bill to amend the Shipping Act, 1916, to provide for licensing independent foreign freight forwarders, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. UDALL:

H.R. 5069. A bill to amend section 21 of the Second Liberty Bond Act to provide for the retirement of the public debt; to the Committee on Ways and Means.

H.R. 5070. A bill to amend the Internal Revenue Code of 1954 to encourage private investment abroad and thereby promote American industry and reduce Government expenditures for foreign economic assistance; to the Committee on Ways and Means.

By Mr. WATTS:

H.R. 5071. A bill to enable producers to provide a supply of turkeys adequate to meet the needs of consumers, to maintain orderly marketing conditions, and to promote and expand the consumption of turkeys and turkey products; to the Committee on Agriculture.

By Mr. WILLIAMS:

H.R. 5072. A bill to amend sections 503(a)(2) and 504 of the Federal Aviation Act of 1958 to facilitate financing of new jet and turboprop aircraft; to the Committee on Interstate and Foreign Commerce.

By Mr. CUNNINGHAM:

H.R. 5073. A bill to provide for Federal cooperation with the Nebraska Mid-State Reclamation District, Nebraska, in the construction of the Mid-State project; to the Committee on Interior and Insular Affairs.

By Mr. DENT:

H.R. 5074. A bill to encourage and stimulate the production and conservation of coal in the United States through research and development by authorizing the Secretary of the Interior, acting through the Bureau of Mines, to contract for coal research, to provide revenues for coal research, and for other purposes; to the Committee on Ways and Means.

By Mr. DIXON:

H.R. 5075. A bill to provide for the establishment of a Soil and Water Conservation Laboratory; to the Committee on Agriculture.

H.R. 5076. A bill to enable producers to provide a supply of turkeys adequate to meet the needs of consumers, to maintain orderly marketing conditions, and to promote and expand the consumption of turkeys and turkey products; to the Committee on Agriculture.

By Mrs. DWYER:

H.R. 5077. A bill to protect the right of the blind to self-expression through organizations of the blind; to the Committee on Education and Labor.

By Mr. HOGAN:

H.R. 5078. A bill to provide coverage under the Federal old-age, survivors, and disability insurance system, on an elective basis, for all civilian officers and employees not otherwise covered; to the Committee on Ways and Means.

By Mr. MACHROWICZ:

H.R. 5079. A bill to amend the Mutual Security Act of 1954 to provide for the utilization of certain Polish currency and not to exceed $1 million of appropriated funds, to supplement sums made available from any other sources including private donations, for the construction of an American research hospital in the diseases and disorders of children at the University of Cracow, Poland; to the Committee on Foreign Affairs.

By Mr. RAINS:

H.R. 5080. A bill to authorize certain commissioned officers to receive retired pay to the extent of $3,000 per annum plus the full salary of any civilian office or position under the U.S. Government or the municipal government of the District of Columbia; to the Committee on Post Office and Civil Service.

By Mr. RILEY:

H.R. 5081. A bill to amend article 46 of the Uniform Code of Military Justice to require the execution of certain warrants of attachment or arrest by U.S. marshals; to the Committee on Armed Services.

By Mr. RIVERS of South Carolina:

H.R. 5082. A bill to amend section 708 of title 32, United States Code, relating to the appointment, designation, or detail of U.S. property and fiscal officers; to the Committee on Armed Services.

H.R. 5083. A bill to amend titles 10 and 32, United States Code, with respect to Reserve commissioned officers of the Armed Forces; to the Committee on Armed Services.

H.R. 5084. A bill relating to withholding for State employee retirement, disability and death benefit system purposes, on the compensation of certain civilian employees of the National Guard; to the Committee on Armed Services.

By Mr. RODINO:

H.R. 5085. A bill to amend the Legislative Reorganization Act of 1946 to provide for more effective evaluation of the fiscal requirements of the executive agencies of the Government of the United States; to the Committee on Rules.

By Mr. ROGERS of Florida:

H.R. 5086. A bill to amend section 21 of the Second Liberty Bond Act to provide for the retirement of the public debt; to the Committee on Ways and Means.

By Mr. SAYLOR:

H.R. 5087. A bill to regulate the foreign commerce of the United States by amending section 350 of the Tariff Act of 1930, as amended, and for other purposes; to the Committee on Ways and Means.

By Mr. UTT:

H.R. 5088. A bill to amend section 410 of title 38, United States Code, to provide that all retired members of the uniformed services who served not less than 25 years on active duty, or who were retired for disability in excess of 50 percent, and who die

after 1956 shall be considered to have died service-connected deaths; to the Committee on Veterans' Affairs.

By Mr. WAMPLER:

H.R. 5089. A bill to provide financial assistance for the support of public schools by appropriating funds to the States to be used for constructing school facilities and for teachers' salaries; to the Committee on Education and Labor.

By Mr. CELLER:

H.J. Res. 266. Joint resolution requesting the President to issue a proclamation designating 1959 for the observance of the 350th anniversary of the historic voyages of Hudson and Champlain; to the Committee on the Judiciary.

By Mr. DOWDY:

H.J. Res. 267. 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. GARMATZ:

H.J. Res. 268. 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. HOLTZMAN:

H.J. Res. 269. Joint resolution requesting the President to issue a proclamation designating 1959 for the observance of the 350th anniversary of the historic voyages of Hudson and Champlain; to the Committee on the Judiciary.

By Mr. LINDSAY:

H.J. Res. 270. Joint resolution requesting the President to issue a proclamation designating 1959 for the observance of the 350th anniversary of the historic voyages of Hudson and Champlain; to the Committee on the Judiciary.

By Mr. McGINLEY:

H.J. Res. 271. 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. MITCHELL:

H.J. Res. 272. Joint resolution designating the first Sunday of June of each year as Shut-In's Day; to the Committee on the Judiciary.

By Mr. TAYLOR:

H.J. Res. 273. Joint resolution requesting the President to issue a proclamation designating 1959 for the observance of the 350th anniversary of the historic voyages of Hudson and Champlain; to the Committee on the Judiciary.

By Mr. DENT:

H. Res. 186. Resolution relating to TVA contracts; to the Committee on Public Works.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Colorado, memorializing the President and the Congress of the United States relative to the establishment of a Great Plains research laboratory in the Great Plains area; to the Committee on Agriculture.

Also, memoria' of the Legislature of the State of Colorado, memorializing the President and the Congress of the United States to enact legislation to bring the State of Colorado under the provisions of section 218(d)(6)(C) of the Federal Social Security Act; to the Committee on Ways and Means.

Also, memorial of the Legislature of the State of Georgia, memorializing the President and the Congress of the United States relative to Veterans' Administration hospitals in Georgia; to the Committee on Veterans' Affairs.

Also, memorial of the Legislature of the State of North Dakota, memorializing the President and the Congress of the United States relative to additional funds for the construction of nursing homes; to the Committee on Appropriations.

Also, memorial of the Legislature of the State of Washington, memorializing the President and the Congress of the United States relative to a toll free bridge across the Columbia River on U.S. Highway 99, between Portland, Oreg., and Vancouver, Wash.; to the Committee on Public Works.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. FARBSTEIN:

H.R. 5090. A bill for the relief of Stefan Bryttan; to the Committee on the Judiciary.

By Mr. IRWIN:

H.R. 5091. A bill to provide for the award of a Silver Star Medal to Evans E. Kerrigan; to the Committee on Armed Services.

By Mr. MORRISON:

H.R. 5092. A bill for the relief of Josefina V. Guerrero Lau; to the Committee on the Judiciary.

By Mr. O'BRIEN of Illinois:

H.R. 5093. A bill for the relief of North Counties Hydro-Electric Co.; to the Committee on the Judiciary.

By Mr. SHEPPARD:

H.R. 5094. A bill for the relief of Mrs. Bosiljka Yurkovich Mihelcich; to the Committee on the Judiciary.

By Mr. ZELENKO:

H.R. 5095. A bill for the relief of Wang Chen-Yu; 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:

89. By the SPEAKER: Petition of the exciation, Washington, D.C., petitioning conecutive director, American Municipal Assosideration of their resolution with reference to authorizing and appropriating additional funds to staff adequately the United States Information Agency posts in support of the people-to-people program; to the Committee on Foreign Affairs.

90. Also, petition of J. de Jesus and others, Jayuya, P.R., petitioning consideration of their resolution with reference to approval of Congressman PAUL A. FINO's bill fixing (proposing) a pension of $100 a month for World War I veterans 60 years of age or over; to the Committee on Veterans' Affairs.

EXTENSIONS OF REMARKS

Nominees for Academy Awards

EXTENSION OF REMARKS
OF

HON. DONALD L. JACKSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 26, 1959

Mr. JACKSON. Mr. Speaker, as a Californian, it is my pride and pleasure to say a few words about an outstanding industry in my State—the production of motion pictures.

This past Monday evening Hollywood announced the nominations for the most gifted accomplishments in films during the past year. Among these 1958 nominees for the famous Oscars—the annual awards of the Academy of Motion Picture Arts and Sciences—are included the stars and writers, the directors, producers, technicians, and artists of motion-picture making.

On April 6 some 90 million persons will hear and see the election results of these nominations in a program sponsored by the film industry over a nationwide network of NBC television and radio.

To me, these awards are reminders of what Hollywood has meant to us as Californians and also to us as Americans.

Hollywood has always made a major economic contribution to my State. It spends hundreds of millions of dollars on filmmaking. It employs thousands of persons in some 275 crafts and trades. And the people of Hollywood, in their own right, make important contributions to the civic life of the community. They are generous in charity, unstinting in giving time and effort to entertain at benefits not only in California, but around the world.

The best of our films are reaching audiences in the Communist lands. Until recently, most of these audiences have seen no films of any sort from the Western world.

And they are reaching audiences in that part of the world which may be of greatest moment to us in the years ahead. This is the world of less developed but developing free nations of Asia and Africa. The future course of this new free world will surely affect our future.

And what do our films show the Communist world and the non-Communist world about us?

It would be folly to think that they show America as all good—or even as all bad. What they do show, and vividly, are the infinite, varied aspects of a many-faceted nation. They show the face of freedom and individuality and enterprise, the fact of a nation which was built up by peoples of all nations and creeds and colors.

The film, as a human creation, has the capacity to reach men's hearts everywhere, to show the brotherhood of man, to illustrate the human flaws and human triumphs which can link men together in our rapidly condensing world.

It is here, I think, that the film industry makes its distinctive and lasting contribution.

It will be a fine show on April 6. I invite all of you to tune in on the ceremonies of awarding the Oscars.

Now, finally, let me list this year's nominees for the academy awards:

Best picture: "Gigi," "The Defiant Ones," "Auntie Mame," "Cat on a Hot Tin Roof," and "Separate Tables."

Best actress: Susan Hayward, Deborah Kerr, Shirley MacLaine, Rosalind Russell, and Elizabeth Taylor.

Best actor: Tony Curtis, Paul Newman, David Niven, Sidney Poitier, and Spencer Tracy.

Best supporting actress: Peggy Cass, Wendy Hiller, Martha Hyer, Maureen Stapleton, and Cara Williams.

Best supporting actor: Theodore Bikel, Lee J. Cobb, Burl Ives, Arthur Kennedy, and Gig Young.

Best director: Richard Brooks, Stanley Kramer, Vincent Minelli, Robert Wise, and Mark Robson.

Address by Hon. Stuart Symington, of Missouri, at Indiana State Jefferson-Jackson Day Victory Dinner

EXTENSION OF REMARKS
OF
HON. VANCE HARTKE
OF INDIANA
IN THE SENATE OF THE UNITED STATES

Thursday, February 26, 1959

Mr. HARTKE. Mr. President, on February 14, 1959, I had the pleasure of introducing the very distinguished junior Senator from Missouri to the Indiana State Jefferson-Jackson victory dinner at Indianapolis. His remarks were inspiring and thought-provoking. Accordingly, I ask unanimous consent to have these remarks of Mr. SYMINGTON printed in the RECORD.

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

ADDRESS BY HON. STUART SYMINGTON, OF MISSOURI, AT JEFFERSON-JACKSON DAY VICTORY DINNER, INDIANAPOLIS, IND., FEBRUARY 14, 1959

Thank you for the great honor of being with you tonight at your victory dinner.

You Democrats of Indiana certainly have a real victory to celebrate. In just one election, you have taken a Republican stronghold and made it Democratic. If anybody wants to know how the country is going politically, I suggest they take a look at Indiana.

Let me salute your successful candidates.

I salute this young man here who is already making a name for himself in the Senate as a hard worker, a gracious gentleman, and a faithful servant of the people, VANCE HARTKE.

I salute your able and vigorous Hoosier Congressmen: WINFIELD DENTON, RAY MADDEN, JOHN BRADEMAS, ED ROUSH, FRED WAMPLER, EARL HOGAN, RANDALL HARMON, and JOE BARR. There are 8 names on that honor roll—8 Democratic Congressmen out of 11—and last year there were only 2. Keep up the good work, and next time you will have all 11—and a Governor. And then, 2 years after that, you can elect yourselves a second Democratic Senator.

We have been working along this line in Missouri. Now we have only one Republican Congressman left; and we expect next time to make it unanimous. Of course, out in Missouri, we are helped by having in residence the leading Democrat of the whole country, Harry S. Truman. We work all the harder for Democratic victories in Missouri, because we never want to let him down. You in Indiana know that he works at it, too, as his campaign trip here last fall amply demonstrated.

There is no mystery about the Democratic victories that swept the country last November. There is no mystery about the rising tide of Democratic sentiment throughout the Nation. It is no secret that we are going to put a Democrat in the White House in 1960.

The reasons for all these things are out in the open, and apparent to everybody. The people have been oversold on what is really a second-best, do-nothing administration. They were taken in by the fancy packaging, and they bought it. But the product inside was below American standards. So now they are shopping for the genuine article—for a party and an administration that will represent the people, meet their needs, and offer real leadership. And that is exactly what the Democratic Party is going to give them.

If the times were not so dangerous, and the problems we face were not so serious, it would be pleasant to spend a little time discussing the woes of the Republican Party. We Democrats could offer them quite a little advice—in a helpful spirit, of course.

We might, for example, take part in the great debate that seems to be shaking the Republican leaders just now—on the subject: Is the elephant dead or merely sleeping?

Or we might offer our help to Mr. Arthur Larson, the apostle of modern Republicanism, who wrote a sensational book just a few years ago entitled "A Republican Looks at His Party."

We might help him gather material for the sequel, "A Republican Looks for His Party."

Or we might offer some amendments to the Republican theme song—you all have heard it—"There's No Business Like Big Business." Now that the party of big business is shrinking in size its members ought to be more sympathetic to the small businessman's problems. If the Republicans don't stop shrinking, pretty soon they themselves may be able to qualify for a small-business loan.

I have been told that the Republican Party is taking a poll—among people who will still admit they are Republicans—to decide what the public image of the Republican Party should be. Now this phrase "public image" is a bit of Madison Avenuese that needs translation into plain English. It means not what you are, but what people think you are. So the Republicans are trying to find out what will be the best thing for people to think they are. I could give them the answer to that. It's very simple. Democrats.

And don't think that some of the Republicans haven't caught on—in fact, they are trying it out. There's a Republican governor in one of our eastern States who got elected recently by acting like a Democrat. But now, unfortunately, he has put forward a "soak the poor" tax program; and the voters are already beginning to wonder.

In my opinion, it's a mistake for the Republican Party to be looking for a new public image. It's not an image they need so much as a backbone. They need the determination to stand up to the problems we face—unemployment, high prices, poor schools, poor housing, depressed areas, flood control, declining agriculture, Russian arms, and international upheavals—to put forward some new ideas, and to take some action to solve them.

It is rather a sad business, my friends, to count up the losses we have suffered because of the inability of the Republican Party to cope with the problems of the present day. Step by step our national position has deteriorated until we are now in a mess at home and in danger abroad.

In 1952, America was by far the strongest of all nations. We stood at the head of a united free world, a free world which had stopped Communist aggression in its tracks. We had full employment, full parity on the farm, and a Government that worked for the people. Most important, we had the spirit to push ahead, with all our resources, to make America a better place to live.

And what have we today? Nearly 5 million unemployed. National output lagging. Inflation still unchecked. Four million farmers driven off their farms because of this administration's indifference to their problems. Stagnation in some of our key industries, and economic depression in some areas. A diplomatic crisis in almost every part of the globe.

These things would be a big enough price to pay, without more, for a Republican administration. But there is more—a lot more. The most ruthless and most successful dictatorship known to history has now broken through, in the scientific and technological fields, to possess itself of weapons of unbelievable power and deadliness. These new weapons, added to its admitted superiority in submarines and land armies, make the Soviet Union more than ever formidable, in its attempt to communize the world.

I know that this is bad news; and a lot of people would rather not think about it. But the job of a Senator is not always pleasant. And if the country is in danger, it is the duty of every knowledgeable citizen to present the facts to the people. A second-best defense is no good to us. As has been well said, it is worth exactly as much as the second-best poker hand. And the task of creating a first rate defense is a task the Republican administration is failing to perform.

In fact, the Republican administration has not only been failing to perform this task—it has been striving to hide the whole problem from the people. The Republican Party has been feeding us tranquilizing pills compounded of evasion, and at times outright inaccuracies. They try to surround the whole question with a fog of complacency, along with an iron curtain of security.

But when you penetrate these defenses, get to the heart of the matter, and ask them why this task is not being performed, they come up with a curious answer. We cannot have a first rate defense, they say, because we cannot afford it.

And this same answer is given, in the President's budget, to all the important problems of our time. They say we cannot afford to stay in the missile race with Russia. They say we cannot afford to invest in an adequate educational system for our young people. They say we cannot afford to erase unemployment, or step up the fight against disease, or renew our cities, or control our rivers, or put our depressed areas back on their feet.

If this were true, then our Nation would be bankrupt. If a man can't afford a decent house, an education for his children, and can't pay his doctor's bills, we say he is broke. And so it is with a nation. But is the United States of America really broke—as the Republicans would have us believe? Of course not. We can afford these things. America is the richest and the greatest country on earth. We can afford to do whatever we must do, for our security and our welfare.

I think I know why the Republicans give this curious and defeatist answer to the growing needs of the country. They are either unable or unwilling to understand the economic systems of these United States. They fail to understand that government and business must work together for the great goals of national security and domestic prosperity—and that if they do work together, there is no limit to our future progress.

I spent many years in private business, most of them in an effort to convert run-down businesses into going concerns. There is a great deal of difference between rehabilitating a company, and running a country; and I do not pretend to know all that must be done for either. But if there is one concept which would get this country back on the beam again, it is this: Full production.

Today, more than 20 percent of our Nation's industrial capacity is idle. In the steel mills, in the automobile factories, in the textile plants, our production capacity is not being used. Let's look at it this way. We have a machine which could produce 1,000 units. But it is only producing 800. The machine itself is just as expensive, even though it is producing less. And as we all know, if it does produce less, unit cost goes up. This is just not good business.

Let us take the men that are idle, and the production capacity that is idle—and in the interest of our security, as well as our prosperity—put them back to work.

America has more productive ability than any nation on earth. During the war, and afterward, we achieved a miracle of production. And we can do it again. We have the wealth, the manpower, and the skill to accomplish whatever we want. What we lack—and have lacked for the past 6 years—is the leadership.

If this Nation plans successfully to operate at full production, it will remain the world's No. 1 economic system, far, far ahead of the Communists. Khrushchev's goal of catching up with us in industry and agriculture in 7 years will never be realized.

Full production would lick unemployment, and eliminate the pool of chronic joblessness in our small and large cities that is being predicted for the next 2 years. Every able-bodied man and woman anxious to work would be able to work, and at a wage compatible with self-respect. With full production, inflation could be checked, because the new flow of goods would bring supply in line with demand. And finally, the heavy new tax revenue generated by full production, swelled by the very growth of our economy, would pour into the Treasury. That new money could finance both our current necessary expenditures and our needed new ones. We would then have a real chance to balance the budget.

The Democratic Party wants to balance the budget just as badly as do the Republicans. But we want to do it by expanding the economy—and the Republicans want to do it by shrinking the economy. We intend to take the economy out of the Republican straightjacket and put it on a Democratic launching pad.

Our problems abroad are even more complex than those at home. But the application of the principles of the Democratic Party can lead us to their ultimate solution. Let us apply the basic principle of Thomas Jefferson: "The cherishment of the people." From Woodrow Wilson through Franklin Roosevelt to Harry Truman, the foreign policy of the Democratic Party has always been based on sincere concern for the people of every nation in the world.

The greatest task facing the world today is the attainment of a just and lasting peace. The first part of that task is the negotiation of a meaningful disarmament agreement. Ten years of negotiation have taught us that negotiating disarmament with the Communists is not easy. It is frustrating and often heartbreaking. A meaningful disarmament must be mutual. It must be continuous. It must be based on a foolproof system of inspection. And it should include as many countries as possible. Every possible effort should be made to reach this kind of agreement.

If America could take just one-tenth as much as it spends each year for arms, and contribute that money to a world development fund, we could advance world progress 50 years; and at the same time bring underdeveloped countries into the 20th century.

The markets this would open up for American goods could only add to our own prosperity, and the upsurge of economic activity this would produce would liberate the masses of the people in the poorer nations from much poverty—and would aid in turning back the political tides of communism. When the day comes when there can be a reduction in the arms burden, there could well be an easing of the present rate of taxation, and still plenty left over for the great unfinished business of the country—better education, improved health care, security for our older people, and a massive attack on the poverty which still exists in America.

At first glance, it might seem illogical to say that on the one hand we must have more missiles; and on the other, we should continue negotiations for the limitation of arms. But 14 years of cold war makes nothing more certain than this: In order to have any chance of successfully negotiating world disarmament, we must be so strong that the Communists know, if they attack us, they are insuring their own destruction. The reason, therefore, that we should sustain our arms effort is to be able to negotiate for peace from a position of relative strength instead of relative weakness.

If America can bring the world two accomplishments—peace and economic security—then all the effort, all the money, and all the patience will have been more than worthwhile.

This, then, is the Democratic policy: Full production at home. And in the interest of lasting peace, a secure foundation abroad. This challenge is bigger than politics. But at the same time it is part of politics; for as long as the Republicans refuse to face the challenge, as long as they continue to permit America to fall behind, we Democrats must exert even greater effort to win back control of the Government. We of the Democratic Party are ready for this challenge. We have met it and conquered it before. We can and will do it again.

Let us all tonight, as Democrats, and even more important, as Americans, dedicate ourselves to a strong Nation—an America economically, physically, and spiritually strong. In that way, we will be sure to preserve our individual and our national freedom.

Resignation of Hon. Theodore Francis Green as Chairman of the Senate Committee on Foreign Relations

EXTENSION OF REMARKS
OF
HON. EDNA F. KELLY
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Thursday, February 26, 1959

Mrs. KELLY. Mr. Speaker, a few weeks ago when the Senate Committee on Foreign Relations met in regular session, its membership was not aware that the agenda included the resignation of their distinguished chairman, Hon. THEODORE FRANCIS GREEN. They were deeply moved and those of us on the House Committee on Foreign Affairs, who have worked closely with Chairman GREEN and his Senate committee over the years, observing his outstanding leadership, were saddened to learn of it. Senator GREEN's decision to resign as chairman because of failing sight and hearing is typical of this patriotic American who, after determining that he could not continue to give his country service of the very highest order, felt he should step down. It takes real courage, Mr. Speaker, to reach such a decision and I want to add my tribute to the many well deserved commendations he has received from Members of both Houses of Congress and other grateful Americans. It is indeed a great comfort to know that Senator GREEN will remain a member of the Senate committee and that America will continue to have the benefit of his statesmanship and sage counsel.

The Democratic Party and the People

EXTENSION OF REMARKS
OF
HON. SAM J. ERVIN, JR.
OF NORTH CAROLINA
IN THE SENATE OF THE UNITED STATES
Thursday, February 26, 1959

Mr. ERVIN. Mr. President, on January 17, 1959, the able and distinguished senior Senator from Nevada [ALAN BIBLE] spoke to the Young Democratic Clubs of North Carolina at Pfeiffer College at Misenheimer, N.C. As is always the case, the Senator from Nevada gave his audience much delight and enlightenment.

I ask unanimous consent that the address of the Senator from Nevada on that occasion be printed in the RECORD.

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

ADDRESS BY SENATOR ALAN BIBLE, OF NEVADA, AT PFEIFFER COLLEGE, MISENHEIMER, N.C., JANUARY 17, 1959

Governor Hodges, Senator ERVIN, Mr. President, distinguished guests, and young Democrats, at the outset I want to thank Congressman ALEXANDER for his very gracious introduction. And I also want to tell you that I am not a total stranger to North Carolina. Four years ago I was in your wonderful State and was inducted as a chief in the Cherokee Tribe. The tribal headdress occupies a prominent spot on the wall in my office and is the center of attraction for the various Indian portraits that surround it. If I can just figure how to collect a few Cherokee votes out in Nevada, along with my normal complement from the Piutes, Washoes. and Shoshones, it might lighten my burdens the next time I run.

The tremendous victory recorded by our party last November was not the result of some magic formula. What happened was really quite simple. We had a message for the people—a message pointing to the fact that the Democratic Party is the party of the people. The big problem lay in getting that message across. And get it across we did. You young people demonstrated the importance of organization in disseminating those truths, and the results were dramatically found in the great sweep across the Nation.

I am proud to report that I am a charter member of the Young Democrats of Nevada. I look back with nostalgia on the many hot and heavy interparty fights we used to have. There were times when I thought that our only political enemies were not the Republicans, but members of some faction within

our own party who were opposing us. I soon learned, however, that we could close the ranks and move forward together when the chips were down in the general election.

A philosopher once said that a sure sign of growing old is to indulge continually in reminiscence. I will try to avoid that pitfall. It still disturbs me a little bit, however, to realize that I am now an honorary member of the Young Democrats of the District of Columbia—an honor to be sure but one that can only be gained by growing old.

Speaking of age, it is interesting to note the results of a postelection survey which showed that last year the Democratic Party elected 8 of the 10 youngest Governors, the 19 youngest U.S. Senators, and 12 youngest Congressmen. The Democrats elected 49 Congressmen of Young Democratic age, while 5 of the Nation's Governors and 4 U.S. Senators are also under 40.

Nelson Lancione, national president of the Young Democrats, commented that these election results clearly demonstrate the recognition which the Democratic Party gives to able young people. He added a significant footnote, however, and I quote: "The record of such revered and beloved senior Democrats as Speaker SAM RAYBURN, 77; Senator CARL HAYDEN, 81; Senator THEODORE FRANCIS GREEN, 91; and Senator JAMES MURRAY, 82; are postive proof that a youthful and progressive approach to politics is not just a function of age."

In our understandable elation over the election, we might tend to bask too long in the warm glow of victory, instead of getting on with the job to be done. The road ahead is not an easy road; nor can we travel it without constant plodding, persistence, and unflagging spirit.

The distinguished majority leader of the U.S. Senate, LYNDON JOHNSON, of Texas, set the tone for our legislative endeavors in a masterful address to the Democratic caucus just prior to the opening of this Congress.

"Our strength is what we are, and what we prove ourselves to be," he said. "What we hold we have earned. What we keep will be no more than what we deserve. That is our special challenge. Freemen can afford much. They can never afford the price of inertia." I agree with Senator JOHNSON and I am sure that my warm friends and colleagues from North Carolina share in that agreement.

As we probe the mysteries of the space age, the unlimited capacities of our young people will come more and more into play—boldness, imagination, vigor, and determination. From the campuses of colleges such as this one where we are gathered tonight will come the answers that the new age is clamoring for—not just in the fields of science and technology, but in all lines of human endeavor.

The advances made by the Soviet Union in the fields of missiles and outer space have made one thing crystal clear: We can no longer enjoy the luxury of a status quo attitude in America. We must reject the fallacy that we have the most and the best, and the future will take care of itself. Softness and complacency are the twin evils of our time. They must be struck down with the same tenacity and force that we would use in destroying any evil that would attack us. Survival is not determined by any timetable. Freemen are free only as long as they realize that freedom is not a birthright, but something that must be fought for continually.

The seeds of party responsibility that are sown in an organization such as yours inevitably flower into an even greater arena of human relationships. I refer to the field of politics as an honorable calling for any young man or woman. The urgency of our times has happily destroyed the old and unfair image of a politician as a glib, selfish type of individual, intent only upon plundering the Public Treasury and hoodwinking the gullible voters. Public enlightenment has served the very useful purpose of exalting, rather than demeaning, public office. More and more knowledgeable people are beginning to look at politics as a dignified profession of useful service.

Interestingly enough, the South has long held the concept that politics was nothing to be ashamed of—and the caliber of men you have sent to Congress over the years gives eloquent testimony to this fact.

During World War I President Woodrow Wilson leaned heavily on North Carolinians for the support of his programs. Senator Simmons of your State was chairman of the important Finance Committee and Senator Overman also held responsible posts that were of great benefit to the administration. Also occupying a high place in the Wilson councils was Josephus Daniels, editor of the Raleigh News and Observer, who served as Secretary of the Navy.

I have done some homework for this talk tonight. I learned, for example, that North Carolina provided more than 86,000 men in the service in the First World War, and more than 2,000 North Carolinians made the supreme sacrifice in that conflict. The record of your State in World War II, when 360,000 of your young men and women served around the world and more than 7,000 of them died, was equally heroic.

To show that I did more than surface digging, in the War Between the States, North Carolina furnished about one-fifth of all the southern soldiers, although it had only about one-ninth of the southern population. Approximately one-fourth of the Confederates killed in action—more than 40,000—were North Carolinians. It was no idle boast when they said that North Carolinians were "first at Bethel, farthest at Gettysburg, and last at Appomattox."

One occasionally reads of southerners being described as too sectional—that southerners in Congress are really ambassadors from their own States to a foreign nation headquartered in Washington. History belies this slander. When the war clouds were gathering in Europe in the late thirties, and in the war years immediately following, it was the voice and strength and unanimity of the South that led the way in responsible legislation for our Nation's security. Such was the courage and leadership of the South at this critical time that even a New York newspaper was moved to comment as follows:

"The recent record of the South in world affairs is inspiring. Lend-lease would have been beaten in Congress without southern votes. When the first year of the first draft expired, 4 months before Pearl Harbor, it was southern Members of Congress who insured its extension. When by one vote Congress decided not to send the soldiers home, it was the South that turned the scale. Representatives of 12 Southern States cast 102 votes in favor of extending the draft and only 6 votes against it."

There have been times in my Senate career when I have been criticized by some as voting like a southerner. Although I am sure it wasn't meant that way, I took this charge as a compliment and readily admitted its validity.

As a matter of fact, there is a natural affinity between the South and the Far West. Sparse in population as compared to the East, our voice in the Senate is nevertheless strong, thanks to our Founding Fathers who decreed that each State shall have two Senators, regardless of population.

The problems of the South and the West have been similar in many respects—the industries of both regions suffer from Federal tariff policies that encourage a steady flow of foreign products to compete with our domestic output. Our mining industry in the West today is staggering under the load of that unfair burden. And your great textile industry has also felt the oppressiveness of such a policy.

Beyond the similarities in the fields just mentioned, there is also the mutuality of interests in a traditional concept of government, which stresses the sovereignty of the State over the complete dominance of the Federal Government. As your own Senator ERVIN once said: "We wear our sovereignty under our own hat." And to that I say: "Amen."

As the sinews of the growing West become stronger, I envisage a shift in voting trends that will catapult that great area into a dominant position in determining the guidelines for American progress.

As this phenomenon develops, I hope that the natural affinity between the South and the West will become even more pronounced—to the point of forging an unbreakable alliance for mutual good. In suggesting this I by no means wish to imply that there should be an arbitrary exclusion of any other section of our country. I only suggest that the day will come when, politically speaking, the tail will no longer be wagging the dog.

Let us affirm that we are, first of all, Americans and our loyalty to the Nation is unswerving, while at the same time, as constitutional Americans, we zealously guard our rights as free citizens of the various States. There can be such a thing as too much government on a Federal level. There can be such a thing as too much so-called benevolence as a synonym for greater control. There can be such a thing as too much dominance from the top and too much submission from the bottom. As a moderate, I want to see a balance—a middle zone—where the States and the Federal government can meet to work for the general good of all the people.

In this connection, I would like to dwell briefly upon another problem that is growing to alarming proportions and can indirectly affect the overall strength of our Nation. I refer to those two distinct economic dangers: big government and big business.

Each passing day gives added evidence of the vast centralization of government in Washington and a corresponding relinquishment of power by the sovereign States. Those of us who believe that the best government is the one that is closest to the people have our work charted for us. Until the time comes when citizens decide to affirm that fundamental, independent concept, I can only predict more government, more redtape and more taxes.

As a member of the Senate's Select Committee on Small Business, I have had the opportunity to see first hand the dire plight in which the small businessman finds himself. Our committee has held grassroots hearings all over the country. Out of the mass of testimony from small businessmen there emerges the unanimous and foreboding prophecy that unless drastic steps are taken we will witness the tragic economic irony of this century—the gradual disappearance of America's small producers during an era of tremendous business activity.

As I said at the beginning of my talk tonight, I have no simple formula to solve all the problems that beset us. I do know this, however. As members of a great political party, we can move forward with a strength of purpose and a dedication to duty that will translate the policies of our party into concrete action. We have the principles. We have the courage. And we have the will. Let's all roll up our sleeves and move forward with our party to meet the exciting challenges that lie ahead.

Thank you very much for your warm and courteous attention.

Address by Hon. A. Willis Robertson, of Virginia, at Finance Industry Staff Conference

EXTENSION OF REMARKS
OF
HON. J. W. FULBRIGHT
OF ARKANSAS
IN THE SENATE OF THE UNITED STATES
Thursday, February 26, 1959

Mr. FULBRIGHT. Mr. President, on Friday, February 20, the chairman of the Senate Committee on Banking and Currency, the Senator from Virginia [Mr. ROBERTSON], made one of his first statements since he became chairman of the committee, before the Finance Industry Staff Conference held in Washington under the sponsorship of the U.S. Chamber of Commerce.

I ask unanimous consent that this very fine statement by the Senator from Virginia be printed in the RECORD.

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

REMARKS OF HON. A. WILLIS ROBERTSON, OF VIRGINIA, CHAIRMAN, SENATE COMMITTEE ON BANKING AND CURRENCY, AT THE FINANCE INDUSTRY STAFF CONFERENCE, FEBRUARY 20, 1959

It is a pleasure for me to meet, on one of the first such occasions since I became chairman of the Senate Committee on Banking and Currency, with executives of the banking trade associations under the sponsorship of the chamber of commerce. It is also a pleasure to see representatives of publications interested in banking legislation.

Of course, my succession to the chairmanship of the committee did not mark the beginning of my interest in banking legislation. I have had an interest in this subject which long antedates my election to the Senate. After my election to the Senate, I sought and obtained membership on the Committee on Banking and Currency, and it has been one of my ambitions to succeed, one day, to the chairmanship of that important committee.

Ever since I have been a member of the committee, and even while I was a relatively junior member, I have carried a substantial burden of the workload of the committee in the banking field. During my entire membership on the committee, under Democratic chairmanships, I have served as chairman of either the Federal Reserve or Banking Subcommittees.

Although some of the activities of the committee may seem more glamorous politically than banking matters, there are none, in my opinion, which are more important.

The banking field, as you know, involves the money power of the Federal Government. The money power controls the economic lifeblood of the Nation. This has been true throughout our history. It was no accident that the struggles of the American colonists, which culminated in the Constitutional Convention, followed almost a century of disheartening monetary experience. The desire to obtain a sound and freely circulating currency was one of the mainsprings behind the movement toward federalism. The keynoter of the Constitutional Convention, Edmund Randolph, listed what he called the havoc of paper money high in his enumeration of the inadequacies of the Articles of Confederation.

Throughout the history of this country since that time, from the case of *McCulloch* v. *Maryland* through the political and economic struggles over the Bank of the United States; from the populism of William Jennings Bryan to the battles of Woodrow Wilson and Carter Glass to establish the Federal Reserve System, to the bank holiday of Franklin Roosevelt—during all our history—the money power has been the subject of contention and one of the focal points of political decisions until the present day.

The power of the Federal Government in this field, as it developed through all these years, was summed up by Mr. Justice Jackson shortly before his death. In 1955 he wrote:

"Two of the greatest powers possessed by the political branches, which seem to me the disaster potentials in our system, are utterly beyond judicial reach. These are the war power and the money, taxing, and spending power, which is the power of inflation. The improvident use of these powers can destroy the conditions for the existence of liberty, because either can set up great currents of strife within the population which might carry constitutional forms and limitations before them.

"No protection against these catastrophic courses can be expected from the judiciary. The people must guard against these dangers at the polls."

The money power, of course, includes these other powers: The power to tax and the power to spend. As a Member of the House, I served on the Committee on Ways and Means, and, as a Member of the Senate, I have served on the Committee on Appropriations. I have had some experience, then, with the powers of taxing and spending. My present position complements this experience, because it is through the banking system that the money supply is regulated.

I make these opening remarks, emphasizing the importance of the money power, for the purposes of assuring you of my appreciation of the responsibilities of my position and of my humility in the face of them.

Now I should like to discuss with you briefly some of the particular legislative items in which I know you are interested.

As you all have seen in the newspapers recently, the leadership of the Senate apparently has given clearance to the Joint Economic Committee to undertake a full-scale study of our economic system. You will recall that for several years there has been agitation for a National Monetary Commission to undertake a similar study. President Eisenhower proposed in the last Congress that this study be undertaken by a commission of his own appointment. There have been other proposals for joint Senate and House committees, or mixed commissions of private citizens and public officials. The Committee on Economic Development has organized a private study and, as you know, the President has appointed a Cabinet committee to be headed by the Vice President.

It is one of the misfortunes of our present divided Government that we have been unable to reach agreement on a truly nonpartisan and objective study of our economic system, which many of your organizations have advocated for many years. I do not think there is much disagreement on the need for such a study. There is only disagreement about the way in which it should be done and mistrust of the objectives of its various proponents.

Almost 10 years ago, on June 1, 1949, I reported from the Committee on Banking and Currency a bill which would have provided for the establishment of a National Monetary Commission along the same organizational lines as the Hoover Commissions on Government Organization. The Senate passed this bill, but it failed in the House. I often have wondered how the course of our economic system might have been affected had the Commission then proposed succeeded in its objectives.

As to the studies which have been, or are about to be undertaken, I will follow them with great interest. For while these committees and commissions may propose, to a large measure, the committee of which I am chairman, will dispose. To the extent I am able to do so as chairman, be assured that I shall weigh any proposal which affects our jurisdiction most carefully. In this connection, I have directed the staff of the Committee on Banking and Currency to observe the proceedings of these committees and commissions carefully and to give me periodic reports on them.

Some of you may be interested in my attitude toward reviving the Financial Institutions Act which passed the Senate in the last Congress. I still believe firmly that this act is a much needed one. I do not intend to reintroduce it, but I would like to see it introduced on the House side and sent to us for concurrence. It is a good bill and should be enacted into law. In the meantime there may be opportunities to enact some of its substantive provisions as separate bills.

For example, with the cosponsorship of Senators FULBRIGHT and CAPEHART, I have reintroduced our bank merger bill which has passed the Senate on two separate occasions. In view of the renewed interest in the problem of bank mergers, it would seem to me that the approach of this bill ought to enlist the support of all bankers and bank organizations. While it may not be perfectly satisfactory to all, it already enjoys the support of most of you, and it seems to me to be the vehicle by which the public demand for control of bank mergers can be satisfied, and that mergers can be controlled under it in an effective way which takes into account the peculiar nature of banking.

The alternative, it seems to me, is a much different kind of control, one which would treat a bank as an ordinary commercial enterprise and would not take adequately into account the nature of banking as an institution affecting, most vitally, the welfare of the depositors and general public. I urge your support of this bill.

Yesterday I introduced a bill to amend the Federal Reserve Act provisions concerning member bank reserves. The bill was proposed by the Federal Reserve System, as a result of an exhaustive study.

The bill would make three changes in present law. First, it would authorize the Federal Reserve Board to permit member banks to include all or part of their vault cash holdings in their required reserves. Second, it would change the reserve requirement for demand deposits of central Reserve city banks from the present rate of 13 to 26 percent to a range of 10 to 20 percent, the same range as Reserve city banks. Third, it would give the Board more flexible authority to permit individual member banks in central Reserve or Reserve cities to carry reserves at the lower requirement levels specified for Reserve city or country banks.

The statutory provisions for reserves have been the subject of discussion for many years, and the provisions have been changed from time to time in the past. However, no major revision in the reserve requirements has been made since the Banking Act of 1935, and it is necessary to bring these reserve requirement provisions up to date, in the light of present day conditions and needs.

I hope hearings on this bill will result in a reconciliation of the views of all interested parties.

There are, of course, many other matters within the jurisdiction of the Banking and Currency Committee which will be of interest to you as this session of Congress progresses. Time does not permit me even to mention all of them.

These will include, of course, any number of proposals for new Federal credit programs and the expansion of existing ones. With respect to these, my own position will be,

as it has in the past, one of determination to serve the needs of a sound economy.

In this connection, although I am no disciple of his, let me quote a remarkably apt comment of John M. Keynes. He said:

"There is * * * an unbroken chronicle in every country which has a history * * * of a progressive deterioration of the real values of * * * money."

He went on to say that this was no accident, but had behind it as one of its driving forces, what he called "the impecuniosity of government."

So far as I am concerned, I shall resist this force. No group of citizens, public or private, has a greater stake in this struggle than those who make up your organizations.

Nineteen Hundred and Fifty-nine Voice of Democracy Contest

EXTENSION OF REMARKS
OF
HON. E. L. BARTLETT
OF ALASKA
IN THE SENATE OF THE UNITED STATES
Thursday, February 26, 1959

Mr. BARTLETT. Mr. President, on February 25, my colleague, Senator ERNEST GRUENING, of Alaska, was the principal speaker at the luncheon at which the semifinalists and the winner in the 1959 Voice of Democracy contest were named. Because his speech was so eloquent and what he had to say was so pertinent in these days when democracy is facing some of its sternest tests, I take pleasure in asking that the text of Senator GRUENING'S speech be printed in the CONGRESSIONAL RECORD.

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

It is a great pleasure and privilege to be present to honor the winners of the 1959 Voice of Democracy contest. All 50 of you are to be congratulated. It's a real achievement to win a contest that gets you to Washington. It is particularly thrilling on this occasion to be able to greet for the first time a representative from the 49th State, Melba Philleo.

Indeed, the entry of the 49th State into our Union was, and is, the Voice of Democracy speaking. It spoke through the elected representatives of the people of the United States when the Congress voted to make Alaska a State. That voice declared that the people of Alaska should no longer remain in their Territorial status; that they should be admitted to the full equality of first-class citizenship. This was the application of the principles of democracy to what had previously been one of America's dependent areas. It was an illustration of what I should like to stress in these brief remarks, namely, that to fulfill the promise of democracy we must buttress our words with deeds. We must, if the voice of democracy is to ring out convincingly, couple democratic preachments with practices. We must, if the voice of democracy is to be believed, constantly bear in mind that actions speak louder than words. In short, that "by their works ye shall know them."

The admission of Alaska to the Union, which was formalized by Presidential proclamation less than two months ago, was a shining evidence of performance matching professions—perhaps the most striking example of our time.

It was—it is—a living demonstration that Uncle Sam does practice what he preaches. It was the application, in fact, of the abstract principle proclaimed in our Declaration of Independence that governments derive their just powers from the consent of the governed. Alaskans did not have self-government as long as Alaska remained a Territory. They have it now.

That coupling of promise with fulfillment, of preachment with practice, was never more important than now. When I say now, I mean in our time.

As we all know, democracy has in this, our time, been under savage attack as never before in our history. It has been in the last quarter of a century, and is today, challenged by a basically different philosophy and way of life. That philosophy has taken diverse forms, but only slightly diverse. These forms have variously been presented as fascism, as in Italy under Mussolini; as national socialism, as in Germany under Hitler; and, today, as communism, as in Russia and China. We may correctly describe these as only slightly different forms of totalitarianism. We may accurately assert that the nation which adopts any one of these forms is a police state. It is the purpose and design of the rules of those police states to extend their philosophy and way of life to the rest of the world. It is our hope and purpose, as Americans and members of the free world, that they shall not succeed.

Now the differences between the police state and our free society, between totalitarianism and democracy, are familiar to all of you who are here to give expression to the voice of democracy.

You all know that our democratic faith prescribes certain basic freedoms: Freedom of speech, freedom of the press, freedom of assembly, freedom of worship, freedom from search and seizure. These basic freedoms are enshrined in our Constitution through the first 10 amendments which we know as the Bill of Rights. They were placed there because the fathers of our country had experienced the violation by the government of King George III of those freedoms which the founders deemed natural rights and had earlier declared that fact to be self-evident.

Our forefathers made no provision to safeguard the right to travel freely, to change one's place of residence, to choose one's employment, the right to organize, the right of association. These rights were not safeguarded by the founders because those rights had never been questioned or threatened. Indeed, their violation had not been dreamed of under the colonial rule against which our forefathers rebelled. In fact, the tyranny against which we Americans launched our Revolution was a far milder and far less oppressive tyranny than that which has been imposed in our time on the victims of contemporary totalitarianism. Contrast, for instance, one of the most fundamental grievances of our colonial forefathers—that of "No taxation without representation"—with the ruthless total confiscation of property, the imprisonment without trial, and the so-called "liquidation," which is not other than murder, to which dissenters, or even peaceable nonconformists, are liable under the police state.

I won't dwell at length on this evident contrast between our land of the free and the most loathsome and brutal tyranny the world has known since the Dark Ages. What I want to revert to is the need of our squaring our declarations with our deeds.

What should be and is clear to all of us is that we Americans have not always, by any means, lived up to the principles we profess. It has been so from the beginning; it continues to be so; and, being human beings with human frailties, will always be so to a degree, but let us hope to a steadily diminishing degree. The great men who drafted the Declaration of Independence, whose principles, by and large, have guided us through the most wholesome and inspiring experiment performed by men in all history—those great men saw no contradiction between the Declaration's assertion that all men were created equal and with liberty one of their inalienable rights and, on the other hand, the perpetuation of the institution of slavery. It was not until 87 years later that that inconsistency was removed by the Emancipation Proclamation. In the early days, too, the franchise was often limited to the ownership of property. But time cured that. For over 130 years suffrage was for men only. The 19th amendment, adopted in 1920, decided that women, too, could vote and that they were men in the sense that the word men was used in the Declaration of Independence.

These progressive changes emphasize that democracy is not static; that it is not and never will be a finished product. It is a great legacy handed to us, a trust for us to keep and cherish. But not merely to keep and cherish—also to validate. Democracy, in short, is constantly in evolution and, let us hope, with proper vigilance, devotion, and dedication, becoming ever better. The heartening fact to remember is that while democracy may, and often has, fallen short of its professed ideals, the opportunity for rectification is always there. Whenever there is a failure of democracy, let us take heart that democracy carries within itself the seeds of self-regeneration. It must be our continuing, unremitting effort to make democracy true to its best self. If we bend all our efforts and purposes to that end, then the voice of democracy will sound a clarion call and be heard and listened to wherever men are free or want to be free.

How shall we apply that unremitting effort to make democracy true to its best self?

Let us first understand that the task to which all of us who believe and cherish the democratic system must be dedicated, is to make democracy work. This is a privilege, an opportunity, and, indeed, an obligation, not merely for those in public office, but for every citizen. Democracy should become a work-a-day religion. It must be a militant, not a passive, faith.

Having reached that understanding, what next? How do we proceed?

Well, first, we must all take a keen interest in public affairs and in Government—in government on every level. It is our Government. In a democracy, government is only as good as the people want it to be. If ours is to be—in Lincoln's immortal phrase: "a government of the people, by the people, and for the people"—it can be so only to the extent that the people, by their vigilance, interest, and concern make it so. It is a cause of just reproach that so large a proportion of our citizens do not even take the trouble to vote. Voting, the exercise of our right as citizens, is a precious heritage. Those who neglect this duty betray their heritage.

In addition to voting in elections—city, school district, county, State, and national elections—there is the obligation to inform oneself. I have been painfully impressed throughout the years to find how many citizens—presumably responsible citizens—do not even know the names of their Representatives in Congress. I have encountered this all over the United States. And merely knowing the name of one's Representative in Congress is a far cry from knowing what his attitude is on public issues and how he votes on them.

One of our first duties, therefore, in the assignment of making democracy work, is to inform ourselves. We must banish political illiteracy. If public opinion, which we like to assume is the ultimately ruling force in representative government, is to be effective, it must be an informed and enlightened public opinion.

To put it in another way, we get out of democracy what we put into it. So we had better put in generously. Democracy will be as good as we make it, and only as

good. So our relationship to democracy is a reciprocal process. We must give to it to the extent that we expect to receive from it. We must ever sow if we want to continue to reap.

Therefore, let us think and act on the assumption that for every right which is ours under democracy, we have a duty to perform; for every benefit we enjoy, we owe a corresponding obligation; for every privilege which our freedom confers, we should render a corresponding service.

And thus thinking and thus acting, is the way—perhaps the only way—we can preserve and strengthen our democratic faith and our democratic works.

Thus, and thus only, can we make the voice of democracy ring true and enable it to carry its message to the farthest corners of the earth, penetrating even iron curtains and bearing beyond them its message of good will, peace, and freedom.

Appointments to U.S. Service Academies

EXTENSION OF REMARKS
OF
HON. ALEXANDER WILEY
OF WISCONSIN
IN THE SENATE OF THE UNITED STATES
Thursday, February 26, 1959

Mr. WILEY. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD a press release I issued today, dealing with competitive examinations for appointments to U.S. service academies.

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

WILEY ANNOUNCES EXAMINATIONS FOR APPOINTMENTS TO U.S. SERVICE ACADEMIES

Senator ALEXANDER WILEY, Republican, Chippewa Falls, today announced that competitive examinations, scheduled for July 1959, would be given by the Civil Service Commission for appointment to the U.S. service academies.

The available appointments include: 1 appointment to the U.S. Military Academy, 2 appointments to the U.S. Naval Academy, 1 appointment to the U.S. Air Force Academy, and nomination of 10 young men to compete for 7 openings allocated to Wisconsin for the Merchant Marine Academy.

"The examination is open to any high school senior or graduate over the age of 17 but not yet 22, who has never been married and can meet the academic and physical standards," the senior Senator said.

"To be eligible to take the examination, all applicants must file with my office (1) a letter of intention, accompanied by certificate of residence in the State of Wisconsin; and (2) two letters of recommendation from applicant's principal, pastor, physician, or anyone who has personal knowledge of his character.

"This information must be received in my office, room 427, Senate Office Building, Washington 25, D.C., by June 15, 1959, which is the deadline for filing," WILEY pointed out.

"Unfortunately, anyone not filing letters of recommendation and certificate of residence with his application cannot be considered for the examination.

"The examination will be held in July (exact date to be announced later) for appointment in July 1960. The highest ranking candidate will receive principal appointment; second highest, first alternate; third highest, second alternate, etc."

To provide maximum opportunity for obtaining information, Senator WILEY is furnishing all public and private high schools in the State with brochures of each of the Academies.

"Appointment to a U.S. service academy provides qualified young men with a fine opportunity to serve their country as well as to improve their education," WILEY concluded.

From Gettysburg to Padre Island the Nation Needs Parks To Preserve Our Past, Present, and Future History

EXTENSION OF REMARKS
OF
HON. RALPH YARBOROUGH
OF TEXAS
IN THE SENATE OF THE UNITED STATES
Thursday, February 26, 1959

Mr. YARBOROUGH. Mr. President, a recent article in a national magazine described how the Gettysburg, Pa., battlefield is gradually being taken over by private interests. A residential subdivision is being built on the field across which Pickett led his famous charge. A motel stands where Union defenses threw back the charge. On the spot where the two armies first clashed there is a free museum and souvenir stand. On another part of the land for which Union and Confederate troops struggled for 7 hours on the 3d day of the battle, rusting autos now are sprawled.

The same article lists nine new national parks which the Nation now needs to acquire, in order to provide our rapidly expanding population with recreation areas and to preserve outstanding and interesting areas in their natural state.

One of the nine areas listed is Padre Island, Tex., a 117-mile-long barrier island in the Gulf of Mexico, stretching roughly from Corpus Christi to Brownsville.

Of the 3,700 miles which make up the Atlantic and gulf coasts, only 240 are in parks for public use. Some 640 more worth saving are still available.

I have introduced Senate bill 4, which provides for establishment of a national park on Padre Island. We must do this now, because a commercial development has already started on part of the island. Other parts are up for sale.

The magazine article tells how completion of the boundaries of the Gettysburg battlefield, in order to protect it for a park, would cost $2 million. To do this to all battlefields now either wholly or in part in park status would cost $10 million; and for the entire national park system, the cost would be $30 million.

Conrad L. Wirth, Director of the National Park Service, is quoted in the article as saying:

Twenty years ago we could have purchased all the land we now need for $5 million. But in those days no money was earmarked for land purchase. Now we receive $1½ million a year from Congress. At this rate, with land prices soaring, it could take another 50 or 60 years and more than $100 million to complete the boundaries.

Padre Island today is facing the same situation. If we do not act now, more of the land will be under private development, and prices will rise.

The benefits of this virgin stretch of windswept sand, with beaches on both sides of the island, and with an historic past stretching back to some of the earliest explorers of the New World, must be protected for the enjoyment of the public now and in the future.

The natural life, both on the island and in the waters around it, is abundant. There are skeletons of oldtime ships, wrecked on the shores, and as covered with legend as they are with moss and barnacles. There are tales of pirate treasure, small settlements, soldiers from a variety of battles, and vacqueros and cowhands.

Another thing to consider about this coastal location is the type of recreation offered: swimming, fishing, hiking, beachcombing and similar beach pastimes, and boating. In 1904, 15,000 boats were being used for recreation in the United States. By 1947, the number had grown to 2,440,000. The total last year was 7,330,000. This year it will probably top 8 million. In the United States 21 million fishermen spend nearly $100 apiece each year. Their numbers are rising all the time.

If Padre Island were made a park, the benefits to the people of the immediate area are obvious. Yet it should also be clear that this would help the Nation, by providing more jobs and more income. Also, Padre Island has the potential to become a summer and winter playground, providing recreation for millions, just as Yellowstone, Yosemite, Big Bend, and other national parks already are doing.

This proposal to establish a national park on Padre Island has the backing already of several civic and conservation groups. Its value to the national economy and welfare is clearly evident.

Mr. President, in further support of my statement, I request unanimous consent to have printed in the CONGRESSIONAL RECORD an editorial, by John W. DeVine, which appeared in the Nueces County News for Friday, January 30, 1959, under the heading: "Padre Island May Become a National Park in Future."

I also request unanimous consent to have printed in the CONGRESSIONAL RECORD, a resolution adopted by the Texas Ornithological Society on February 10, 1959.

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

[From the Nueces County News, Jan. 30, 1959]

PADRE ISLAND MAY BECOME A NATIONAL PARK IN FUTURE

U.S. Senator RALPH YARBOROUGH has introduced a bill—S. 4—which would keep a portion of Padre Island for public use—in simpler works, a national park. In presenting the bill, YARBOROUGH pointed out: "This beautiful half-mile wide natural beach, with its mild climate and bountiful wildlife, is one of Texas' greatest recreation resources."

Then he pointed out that "properly developed, there is no question that as a national park, Padre Island would become the winter

park of America, just as Yellowstone, Yosemite, Glacier National Park, and the Smoky Mountains are summer playgrounds.

"Looked at from the standpoint of historical interest," he continued, "Padre Island is one of the closest links Texas and the United States have with the past, for it was there that one of the earliest explorers set foot on New World soil. The explorer, Alonso Alvarez de Pineda, a Spaniard, in 1519 sailed the gulf coastal waters from Florida to the Mexican port of Tampico, and mapped the coast for future navigators."

YARBOROUGH has asked State legislators of Texas, and other State officials to enact necessary supporting State legislation on this subject, and is urging all Texans to back the creation of Padre Island National Park.

Naturally such a move is going to draw some opposition. Private developers will oppose it; real estate dealers who are interested in selling Padre Island, and owners of land will be opposed to it; but to the average Texan it presents an opportunity to preserve for his own use a long stretch of island where he can go, camp out, fish, hunt, and generally enjoy himself.

Of course, Padre Island is a mammoth island—the coastline on the Gulf, extending from Port Aransas to Brownsville, 131 miles, is the longest island and the longest beach in the United States (probably in all the world, too).

There is plenty of room for establishment of a Government national park without taking away any of the valuable land now under development, and no doubt, it is this land Senator YARBOROUGH has in mind.

This is only one of hundreds of things, Senator YARBOROUGH has initiated since he became a Member of the U.S. Senate a few short years ago. It wouldn't hurt to take time out and drop him a few lines in appreciation.

Every man, from the smallest to the largest, likes to know he is appreciated and his work is appreciated.

If you favor the establishment of a national park on Padre Island to preserve a large portion of it for future generations in its natural state (except for Government improvements that will not ruin it as a vacation resort), drop your State representatives and senators a line and tell them you will appreciate their supporting enabling legislation.

Don't worry, they will hear plenty from those who oppose it. And while you are at it, drop Senator RALPH a line, too. It will encourage him to keep up the good work.

RESOLUTION TO MAKE PADRE ISLAND A NATIONAL PARK

Whereas Padre Island contains a wealth of vegetation and wildlife in substantially the same condition as when this sunny region was first discovered by de Pineda in 1519 and boasts a superb sand beach 30 miles in length along a gulf coast shoreline admirably suited for safe swimming and wading; and

Whereas commercial development has gained two footholds on Padre Island and threatens rapidly to ruin its natural beauty; and

Where Padre Island is unique in scenery, climate, ecology and geology and fulfills in every way the standards for a national park; and

Whereas the establishment of Padre Island as a national park would permanently preserve natural treasures of Padre Island for the benefit of the public; Therefore it is

Resolved, That the undersigned organization hereby urges the adoption of the bill (S. 4) to provide for the establishment of Padre Island as a national park.

Passed this 10th day of February 1959.

A. EARL JOURDE,
President, Texas Ornithological Society.

Legislation Is Needed To Free Our People From the Foreign-Made Shackles of Unemployment

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EXTENSION OF REMARKS
OF
HON. JOHN P. SAYLOR
OF PENNSYLVANIA
IN THE HOUSE OF REPRESENTATIVES
Thursday, February 26, 1959

Mr. SAYLOR. Mr. Speaker, first I should like to compliment the gentleman from West Virginia [Mr. BAILEY] for his intense and enthusiastic efforts to get through some type of legislation that will free our people from the foreign-made shackles of unemployment. He has done just about everything humanly possible to return to Congress the tariffmaking authority established in it by the Constitution. He deserves a large measure of credit for whatever help the statutory escape clause has been. Unfortunately, diplomatic considerations have superseded economic reality in the final determination of too many escape clause cases, and I think that the legislation proposed by my close friend from West Virginia here today is very sound, practical, and urgently needed. My remarks will be brief. Later I am going to insert some figures on imports that should alarm even the most fervent freetrader, and I want to include a quotation, from a respected naval officer, that belongs in a discussion of this kind.

First, I should like to mention that I am pleased with the reaction of the Westinghouse Co. to Tennessee Valley Authority's plans to purchase foreign generating equipment without so much as a by-your-leave to the American manufacturers and workingmen who have been subsidizing TVA from its inception. Westinghouse has arranged for Governor Lawrence, of Pennsylvania, to come down to meet with our congressional delegation on this important issue Thursday evening. Because of Pennsylvania's wide unemployment, I think it necessary for everyone in the State and Federal Governments to coordinate all efforts in overcoming the economic obstacles that have so many of our families in actual poverty. The detrimental effect of an oversupply of alien commodities entering American markets is an obvious factor in Pennsylvania's economic problems. I hope that more and more of our State's delegation will walk with those of us who have been striving for whatever legislation is required to remedy the present deplorable situation.

We may as well realize one thing, Mr. Speaker. We are not going to stop Government agencies from ordering supplies and equipment from foreign manufacturers if we permit these departments and agencies themselves to make the decisions. For 25 years Government departments have been subjected to such generous doses of international propaganda that free trade has become one of their obsessions. Any time that hearings or inquiries are held on the matter of foreign trade, an assortment of representatives of a miscellany of Government departments always appears with briefcases chockfull of data gathered from hosts of countries throughout the world. These Government officeholders who come out to cheer for further lowering of trade barriers have traveled—at Government expense—hither and yon among the nations of Europe, Asia, and South America, but they apparently are not interested in becoming clued on what is taking place back where the tax dollars are collected.

The average Government worker living in Washington and in Foreign Service is not exposed to the economic ups and downs experienced in the various parts of our own country. Week after week, and month after month, and year after year there are heavy pockets of unemployment throughout central and western Pennsylvania, just as there are in the State of the gentleman who has granted me this time. The U.S. News & World Report for February 20 contains an indication of why Government officials in the Nation's Capital are either uninformed or uninterested about what is going on back at the ranch. "How's Business Around the Country" is the title of a series of tables reporting on conditions in selected communities from coast to coast. Of the 33 eastern cities listed, 19 are marked as victims of substantial unemployment; 13 are classified in the moderate unemployment category; one city—Washington, D.C.—has slight unemployment. As a matter of fact, Washington is the only city of the 78 studied for the United States as a whole in which unemployment is not either moderate or substantial.

While the parties responsible for import-export policy are assured of their paychecks without interruption, the fellow back home who is getting the bill for these services finds his means of livelihood taken away by incredible foreign trade policies. He has only Congress to look to for help. I suggest we give it to him by demanding quick action on this bill to amend section 350 of the Tariff Act of 1930 as amended.

I also ask that the House enact the bill which I have introduced to restrict imports of residual oil, the product of foreign refineries which has washed out thousands of jobs in our mine and rail communities. These are the figures which I wish to include in the RECORD:

From January 1 to February 13, 1959, the daily average for residual oil imported into the United States was 807,700 barrels. If this rate continues for the remainder of the year, the 1959 total will come to 294,830,500 barrels—or more than 70 million tons of bituminous coal in energy equivalent. Keeping that figure in mind, please also note this statement by Adm. Arleigh A. Burke as reported in the Washington Star on February 15:

> The possibility of a surprise attack by submarines is very great, and it is causing us a great deal of concern.

Admiral Burke's remark was made at a recent hearing before the Senate Disarmament Subcommittee, at which time it was disclosed that of Russia's 500 submarines, about one-half are long-range craft.

Mr. Speaker, who among us would dare to depend upon foreign oil that must travel over the lonely seaways that even now may be infested with Red submarines carrying the most destructive missiles in the history of naval warfare? The daily imports of residual oil for the first 7 weeks of this year have been equal to 193,830 tons of bituminous coal. In an emergency this tonnage—plus enormously more coal to be used in the actual war effort—would be required. I suggest that, instead of forcing our unemployed coal miners to wander about the country seeking employment opportunities in other industries, we encourage them to remain in their mining communities. They are a vital component of our national defense. They will be ready for whatever demands are made upon them if our foreign trade policies will only give them a chance. The same principle applies to railroad workers. We are not going to have them when we need them if we permit their jobs to be taken away unnecessarily in the meantime.

We may equate the position of the coal miner and the railroad worker to that of the Westinghouse employee who will have no work if foreign generating equipment is allowed to come in and price American products out of the market. We can put the pottery worker, glassmaker, and all other victims of inequitable foreign trade competition in the same category. We owe it to them and to our security to keep them occupied now, for without them we would not have a chance against the common enemy in an emergency.

Why Statesmen and Reporters Turn Gray

EXTENSION OF REMARKS
OF
HON. PAUL B. DAGUE
OF PENNSYLVANIA
IN THE HOUSE OF REPRESENTATIVES
Thursday, February 26, 1959

Mr. DAGUE. Mr. Speaker, a brief examination surrounding the current visit of British Prime Minister Macmillan to Moscow will furnish the answers to the above caption to these remarks.

In two separate articles appearing in yesterday's Evening Star we see how wide of the mark a columnist sitting in his ivory tower here in Washington can come when his observations are stacked alongside those made by a correspondent closer to the scene.

In his column entitled "Britain Takes the West's Helm," William S. White has this to say:

> Mr. Macmillan's mission to Moscow has quietly turned upside down the diplomacy of the allied world. Today at least, and possibly for a fairly lengthy tomorrow, it is British leadership that holds the initiative on the Western side.

And then in the same issue and on the same subject—Mr. Macmillan's overtures to Communist boss Khrushchev—Crosby S. Noyes, the Star's European correspondent, in a report subtitled "Berlin Outlook Dims," makes this comment:

> In the face of the deliberate insults, the frustration of his hopes and the total intransigence which he has met, it may seem to Mr. Macmillan that his best course at this point would be to cut short his fruitless quest and come home.

All of which simply points up the fact that John Foster Dulles in always taking a firm stand with the Communists and President Eisenhower in refusing to meet with Khrushchev until he shows some evidence of sincerity have been pursuing the proper course all along.

Legislative Oversight, Spectrum, Study, and Investigation—H.R. 4800

EXTENSION OF REMARKS
OF
HON. OREN HARRIS
OF ARKANSAS
IN THE HOUSE OF REPRESENTATIVES
Thursday, February 26, 1959

Mr. HARRIS. Mr. Speaker, today I had the special honor and privilege of speaking to the Federal Communications Bar Association, composed of distinguished members of the legal profession. I was very glad to have had an invitation to speak to this particular group at this particular time. It gave me an opportunity to discuss with them some most important problems in which I knew they had a great interest, as does the American public.

In that my remarks were directed to the work of our Committee on Interstate and Foreign Commerce and with particular reference to the Special Subcommittee on Legislative Oversight, our plans for this Congress, some exposures of false claims in a recent book, and a discussion of the bill introduced as a result of our committee last year, I thought perhaps the Members might be interested, and therefore include it in the RECORD with these remarks:

ADDRESS OF REPRESENTATIVE OREN HARRIS, CHAIRMAN, INTERSTATE AND FOREIGN COMMERCE COMMITTEE, HOUSE OF REPRESENTATIVES, BEFORE FEDERAL COMMUNICATIONS BAR ASSOCIATION, HOTEL WILLARD, FEBRUARY 26, 1959

Mr. President, members of the Federal Communications Bar Association, honored guests, I welcome this opportunity of appearing before you today. I feel you could hardly have chosen a better time for this discussion because there are several important developments that I would like to talk to you about, and I doubt whether I could find a more interested audience since the things I want to discuss with you are of great importance to you, your clients, and the FCC.

In the first place, there has been a lot of speculation and wide interest in the future program of our committee. I am speaking of our plans for further study and investigation pursuant to the provisions of the Legislative Reorganization Act of 1946. From the experience we had in the last Congress, I can readily understand this interest.

In our committee report filed January 3 this year, we made recommendations on a variety of questions that needed further study and investigation. I have no other intention than to carry out these recommendations.

In view of the fact that so many of these questions are highly sensitive, I felt it advisable to ask for a budget separate from the other work of our committee in order that the Congress and the public would know just what we had in mind.

You are familiar with the announcement of a few days ago with respect to the reestablishment of the Legislative Oversight Committee.

On Monday of this week, I introduced a resolution requesting $350,000 for the committee to make the special study and investigation. I went before the House Administration Committee and explained our purpose. The committee approved the funds for this work and yesterday reported to the House. It being a privileged matter, the chairman of the committee called it up for consideration. With little discussion and a few pertinent questions, the House approved the request and made the full amount of $350,000 available to the committee.

In the budget that I submitted to the House Administration Committee, $200,000 was for the purpose of continuing the work of the Special Subcommittee on Legislative Oversight. Obviously, we have not had time as yet to get together a staff, since the funds were obtained only yesterday.

I want to make it perfectly clear, however, that the committee will use the greatest precaution in obtaining the kind of a staff that is needed and which will carry out the plans and policies of the committee for a forthright, fearless, fair and objective study and investigation.

We have not had an opportunity to formulate specific plans and a program, but the pattern is fairly well established in our recommendations contained in the report filed January 3.

In the second place, we asked and obtained $150,000 to make a study of what I believe to be one of the most important problems we have today which is of tremendous concern and interest to the American public, that is a study of the proper utilization of the radio spectrum.

Many of the situations which we dealt with in the Oversight Subcommittee are a direct result of the scarcity of desirable spectrum space available for broadcasting purposes.

It is my intention to have our regular Subcommittee on Communications and Power study the present and prospective utilization of the radio spectrum and have it also study the proper governmental machinery and procedures to bring about an efficient utilization of the spectrum.

As you well know, at present there is divided responsibility between the President and the FCC for the allocation of frequencies for governmental and nongovernmental purposes. The demand for spectrum space has grown to such an extent and is expected to grow still further at such speed that it is dubious whether the divided responsibility can bring about an efficient utilization of the spectrum. The spectrum situation may be analogous to the situation which did exist with respect to the use of the airspace by military, commercial, and private planes, and which led during the last Congress to the creation of the unified Federal Aviation Agency.

I consider this study one of the most important ones which our committee can undertake in the field of communications. We shall seek to retain an expert staff to make this study, and the outcome of this study may affect you, your clients, and the American people most importantly.

Thirdly, most of you know that a week ago I introduced a bill, H.R. 4800, to carry

out the legislative recommendations made by the Special Subcommittee on Legislative Oversight in its report to the Congress at the end of the last session. The hearings on which this report was based commenced in January 1958 and continued through November 1958. The hearing record of more than 11,000 pages, exclusive of exhibits, is probably not much shorter than the sum total of news stories that have been written about these hearings, and the individuals involved in these hearings as well as the Members of Congress who conducted them.

One aspect of the hearings, which particularly seems to have intrigued the press, is the proven or alleged misconduct of certain members of the commissions which were under investigation, of parties involved in proceedings before these commissions, and of other persons in public or private life interested in some of these proceedings.

Now, I don't want to deny for a moment that improper or unethical conduct by members of the regulatory commissions and commission employees, by parties and practitioners before these agencies, by persons in the executive branch or in the Congress, constitutes a most serious and difficult problem which ought to be given proper attention and that such conduct ought to be prevented in the future. However, I want to emphasize that even if all the commissioners and all of the persons in public and private life who are concerned with proceedings before these agencies were angels, there still would be other crucial problems in connection with the operation of these agencies which the Congress must come to grips with and on which the American people must be well informed.

Many of you probably have read recent newspaper stories about a book written by a former counsel of the Special Oversight Subcommittee. A few of you even may have read the book. Now, I could spend all of the time which you have allowed me here today in pointing out misstatements of fact and erroneous assumptions and conclusions made by the author. However, I doubt that you would want me to take the time, and I am reasonably sure that it would not be time well spent.

I have thus far refrained from making any comment publicly. However, there are two or three things I would like to say now which I think would be appropriate.

In the first place, even though our committee, in my opinion, accomplished a lot and did a good job in the last Congress, I would be one of the first to admit that some mistakes were made in connection with such a difficult and sensitive task.

In fact, about the first and perhaps the most serious mistake the committee made was that it employed Dr. Schwartz as its chief counsel.

When he was interviewed by the committee and presented with the policy statement previously adopted by the committee, he complimented the statement and thought it constituted a very fine and objective approach. After he became employed, he apparently forgot or else arbitrarily failed to proceed in accordance with the committee policy.

I would never question anyone's right to his ideas on a matter of principle. I do seriously take issue, however, with the methods, tactics, and procedures employed by Dr. Schwartz. I could not agree with them from the first public utterances he made before the Federal Bar Association. This was the major reason for what later developed.

He was determined either to rule or ruin. In my opinion, and as illustrated in his book, he proposes to change completely our fundamental principle of regulatory commissions. (Ch. 2 of the book.)

In other words, the book itself is the most outstanding proof of why the committee should never have employed him. He admits to defiance of the committee and he asserts that it was his purpose and responsibility to make the policies and conduct the investigation according to his own views and procedure.

Having been completely unsuccessful with his tactics, he proceeded to write a book. As for the sharp criticism and personal reflections on me, I care little. I did observe the one compliment, which must have been an oversight, when he referred to me as a "most urbane denizen."

Just let me mention two or three of the false and inaccurate claims:

There is reference to the Albany television case in which Mr. Hagerty was involved.

There was nothing at any time called to the attention of the committee about any problem relating to the Albany TV comparative television case. Neither I nor any other member of the committee received any information from the staff or anyone else until after the expiration of the committee in January, and you have recently seen the publicity.

Dr. Schwartz undertakes to claim credit for the Adams-Goldfine fiasco. There was nothing in the files referring to this matter in any way, with the exception of one memorandum from the Federal Trade Commission which in no way referred to Mr. Adams. Dr. Schwartz gave no information to the committee in public hearings or in executive session, and there was nothing at that time developed on it.

Two staff investigators had obtained the information regarding Commissioner Mack and the channel 10 question. However, this information had not been put together and developed for presentation at the time the committee terminated the services of Dr. Schwartz.

In other words, not only are the claims false, but it again emphasizes his attitude in withholding information from the committee itself.

The book reconfirms my earlier conviction that the author has not as yet grasped the scope of the task assigned to the Legislative Oversight Subcommittee, and that he preferred to follow his own notions of what the subcommittee should investigate instead of carrying out the detailed policies which had been laid down by the subcommittee for the scope and conduct of this investigation. In other words, while he was counsel of the subcommittee and still at the present time, he is almost exclusively concerned with the problem of improper conduct and what to do about it, as if that problem, serious though it is, was the only or even the foremost problem that confronts us in dealing with the independent regulatory agencies and their operation in the public interest.

Under these circumstances, the most important task of the Legislative Oversight Subcommittee, namely a thorough study of the functioning or malfunctioning of the independent regulatory agencies, beyond improper conduct, and of the causes of and the possible remedies for such malfunctioning still lies ahead of us.

That does not mean that the job which the subcommittee has done to date is insignificant. Quite the contrary. I feel that the accomplishments of the subcommittee to date are very substantial, and it is my hope that the bill which I have just introduced and which carries out the legislative recommendations of the Oversight Subcommittee will be enacted into law.

The process by which a bill becomes law is fortunately a slow one. This process offers ample opportunity to all interested parties of making their views known to the Congress. I trust I am correct in believing that you are interested parties, and I appeal to you that you give the provisions of this bill your careful attention both in your own interest and in the interest of your clients and most of all in the interest of the American people.

I appreciate, of course, that the Federal Communications Bar Association cannot take any position with respect to substantive matters. You represent different classes of clients who have divergent interests and it would be too much to expect that you or your clients would agree as to the substantive provisions of the Communications Act. However, H.R. 4800 deals primarily with organizational and procedural problems, and these problems, I feel, are a proper subject for discussion by the Federal Communications Bar Association. It is my hope that the Committee on Interstate and Foreign Commerce will have the benefit of detailed and specific recommendations of your association with respect to this legislation. Your constructive criticism and your suggestions for amendments as well as your support for the principles on which this bill is based will be most welcome.

Let us take a brief look at some of the provisions of H.R. 4800. Title I of the bill relates to the FCC exclusively. The other titles of the bill deal with the remaining five of the six big independent regulatory commissions. The provisions for all of the agencies are substantially identical.

Section 101 sets forth the policy. The bill is intended to strengthen the independence and effectiveness of the independent regulatory agencies and to increase the public confidence in their efficient, fair, and independent operation. These objectives are to be reached by taking the following actions: (1) Guarding against improper influence upon and improper conduct of agency members and employees; (2) observing ethical standards by members, employees, parties and practitioners; (3) preventing of off-the-record communications; (4) selecting chairman by agencies themselves; (5) assuming of individual responsibility by commissioners for preparation of agency opinions; and (6) making uniform the President's power to dismiss commissioners for cause.

Section 102 which contains definitions is a most important section because it defines the term "proceeding" and thereby outlines the boundaries of the key provisions of the bill. I want to call to your attention particularly subsection (b) of section 102 which has the effect of making applicable to certain rulemaking proceedings the prohibition against off-the-record communications and the requirement that all communications made concerning such rulemaking proceeding be placed in the public files of such proceeding. The rulemaking proceedings to which this prohibition and this requirement apply, however, are only those in which the Commission actually undertakes an "on-the-record-only proceeding" and where a notice of proposed rulemaking to this effect has been issued.

It seems to us that in those cases of rulemaking, the Commission holds out to the participants and to the public generally that only on-the-record communications will be taken into consideration by the Commission, and therefore there is no room for any other communications. I realize, this may be an innovation and may go beyond the provisions of the Administrative Procedure Act. However, I believe it is desirable to make this change.

Section 103 outlines in general terms criteria of improper influence by parties and others upon the Commission and of improper conduct by Commission members and employees. The Commission is directed to prescribe regulations implementing and supplementing these provisions. While the criminal provisions of the bill do not apply to this section, I want to call to your attention certain provisions of subsection (d) of section 103. In order to bring about compliance with this section, the Commis-

sion is directed to establish procedures for considering and acting on complaints, and the Commission is authorized to issue reprimands and take other disciplinary action, including suspension or disqualification of persons appearing in a representative capacity before the Commission, or take other action which may be warranted in particular instances, including action against the parties to the proceeding. This is a most important power which the Commission would be given, and, in my opinion, this power is necessary if the provisions against improper influence and improper conduct are to be enforced effectively.

Sections 104 and 105 dealing with off-the-record communications and the requirement as to placing certain communications in the public files of proceedings, may perhaps be considered the heart of the bill. We appreciate that exceptions may have to be made with regard to these provisions in order to promote the expeditious and efficient discharge by the Commission of its duties, and in order to secure the cooperation of other agencies of Government. Nobody knows better than the Commission and the attorneys who regularly appear before the Commission how broad these exceptions should be. Under the bill, the Commission would have three months from the date of enactment of this legislation to prescribe the regulations setting forth the exceptions from the prohibition against off-the-record communications. I trust, the Commission can count on your assistance and scrutiny in prescribing proper exceptions, and proper exceptions only.

Please note carefully that the criminal penalties of section 107 apply to sections 104 and 105 as well as section 106(a) which provides for the filing of a notice of appearance by any person who appears for himself or in a representative capacity in any proceeding or matter before the Commission. The hearings before the Oversight Subcommittee developed several situations in which parties had two teams to represent them—an on-the-record team and another one whose existence was not even known to the attorneys who did ther best to represent their clients in accordance with the regular procedures of the Commission. This kind of influence peddling has to stop, and section 106 is designed to help stop it.

Section 111 provides that the Commission shall choose its own Chairman and Vice Chairman. The term of the Chairman is not to exceed 3 years. The Chairman, after serving a full term, may not again serve as Chairman until a full term has elapsed.

The purpose of this provision is undoubtedly clear to all of you, as is the purpose of section 112 which provides for the assumption of individual responsibility by Commissioners for the preparation of agency opinions. Such opinion is to be signed by the member of the Commission who was responsible for its preparation. Specialization in opinion preparation according to types of cases is prohibited.

Several of the big six independent regulatory agencies are already following this practice and the results, according to the testimony before our subcommittee, have been very salutary.

I believe all of you will welcome section 113 which provides that failure of the Commission to act on motions for procedural or interlocutory relief within 60 days shall be treated as a denial of such motion.

Section 114 repeals the honorarium provision now contained in the Federal Communications Act, and section 115 repeals the provision establishing the "Review Staff" and the provision prohibiting certain off-the-record communications. These provisions were added by the McFarland act. The reasons for their repeal are apparent: the provisions of H.R. 4800 are either in conflict with or go beyond the provisions which are to be repealed.

This concludes my very brief review of some of the key provisions of H.R. 4800 which are applicable to the FCC. I appeal again to you to study with care the provisions of this bill, to come forward with your constructive criticism and suggestions because we are most anxious to make this the best possible legislation, and you appreciate that we shall be legislating in a most critical and sensitive area.

It has been a pleasure to be with you today, and I hope that this day will mark the beginning of renewed efforts for fruitful cooperation between your association and our committee. Thank you.

Hon. Hale Boggs, of Louisiana, Suggests U.S. Base Companies To Defer Tax on Foreign Income Used Abroad

EXTENSION OF REMARKS
OF
HON. HALE BOGGS
OF LOUISIANA
IN THE HOUSE OF REPRESENTATIVES
Thursday, February 26, 1959

Mr. BOGGS. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following article from the March 1959 issue of the Journal of Taxation:

BOGGS SUGGESTS "U.S. BASE COMPANIES" TO DEFER TAX ON FOREIGN INCOME USED ABROAD

"Why do we force our businessmen to seek out such countries as Liechtenstein, Monaco and Panama to achieve a business result?" asks Congressman HALE BOGGS, Democrat of Louisiana. "I have come to the conclusion that no reason for forcing them to do so exists. It is within our power to provide the means of organizing base companies in the United States itself for the conduct of foreign business operations. We have the example of Canada's 4–K companies and Britain's overseas trade corporations. As a matter of fact, we have the example of practically every other trading country in the world before us to follow."

Because Mr. BOGGS is a member of the Ways and Means Committee and chairman of its Subcommittee on Foreign Trade Policy, this arresting suggestion demands the serious attention of tax practitioners and taxpayers alike.

"Enactment of a law permitting the creation of a unique class of domestic corporations organized for the conduct of business abroad would do much to provide incentives to foreign investment," said Mr. BOGGS in his remarks at the recent meeting of the Foreign Trade Council. "Such companies would be in a position to utilize the earnings derived from their foreign operations for the expansion of their activities in the free countries of the world without the immediate payment of United States tax. These corporations would pay U.S. tax on their foreign source income only when it is severed from the foreign operation by a distribution to the shareholder. Such corporations—I refer to them as U.S. base companies for want of a better term—could and should be permitted to carry on all operations now conducted by foreign base companies. I wish to emphasize that I think that exporting activities be included within permissible activities.

"Provision for U.S. base companies would not in my opinion require any change in the existing law providing for Western Hemisphere trade corporations. Additionally, I see no reason for not permitting any company desiring to do so to continue to operate abroad through a branch.

"It is fair to state that the present fiscal condition of the United States should make deferral attractive to those in the executive department who are responsible for securing the revenues with which to meet the Government's bills. Deferral involves no loss of U.S. revenue since by hypothesis every dollar of foreign earnings would be subject to tax when repatriated to the United States and severed from the base operation by distribution to stockholders.

NEED FOR ACTION IS GREAT

"A most charitable appraisal of the code as it applies to foreign-source income would find it capricious in result, formalistic in impact, and difficult to administer," said Mr. BOGGS. "I know of no one familiar with taxation who does not believe that a thorough legislative overhaul of foreign tax technique and policy is badly needed and long overdue. But it will be an uphill fight to get tax incentives for the encouragement of foreign investment and it behooves us at least to begin by considering recommendations which, though they may not go as far as we believe necessary, have a chance of adoption. I would think it wise for those who have competence in the field of taxation to direct their attention to proposals to defer U.S. tax on foreign source income until it is severed for domestic use.

ADVANTAGES OF THIRD-COUNTRY SUBSIDIARY

"Possibility for the deferral of U.S. taxes on foreign source income now exist under the current code, but the benefits of such deferrals by using foreign subsidiaries or foreign base companies are not available in many instances except at great price. The slow development of the statute and its rather fragmentary administrative and judicial interpretation have effectively denied these benefits to many companies. As an example of a business unfairly treated by the present law, consider company A which at great risk embarked upon the unknown of foreign investment in the 1920's. Legal advisers then had little experience with foreign investment and there were few interpretations of the law. The attitude of the U.S. Treasury Department was certainly far different from its present one. Accepting the best advice available, company A organized its foreign undertaking in the form of a subsidiary incorporated in Brazil. The risk proved worthwhile and the undertaking was successful in Brazil. Company A was also aware that similar markets for its products existed in Argentina, Peru, South Africa, and elsewhere. One would think it a simple matter for company A to transfer a part of its hard-earned, foreign-source earnings to any one of the countries named and establish a similar successful venture for the ultimate benefit of the United States and the countries involved. We know it is not.

"Now look at company B which manufactured a product similar to company A's. For years company B watched the experience of company A and, convinced of the wisdom of foreign investment, decided to move into the foreign field in 1953, but, learning from company A's difficult tax position, it established a base company and, by utilizing this third-country arrangement, is developing the markets in Argentina, Peru and South Africa with profits from other countries untaxed by the United States. This financing ability should be available to company A as well. B's accumulated earnings and profits in any one country may be transferred without the imposition of U.S. tax to another subsidiary where they are needed. Additional benefits accrue to company B such as the averaging of foreign tax rates for the purpose of achieving the maximum benefit of the U.S. foreign tax credit. It may achieve many tax savings on branch

or other agency operations because its base company is not subject to U.S. tax jurisdiction.

"Surely, if we were proceeding de novo, no one would support this inherently unequitable and discriminatory arrangement. Yet we today condone it by inaction and perpetuate the inequity by an overdeveloped concern for the bare possibility of tax avoidance.

"The chief reason why company A is unable to remove this tax handicap is section 367. Section 367 applies only to exchanges which involve gain and provides that, in determining the extent to which gain shall be recognized, a foreign corporation shall not be considered as a corporation for purposes of most of the important sections of subchapter C unless, before any exchange is undertaken, it has been established to the satisfaction of the Secretary or his delegate that the exchange is not in pursuance of a plan having as one of its principal purposes the avoidance of Federal income tax. Section 367 began as section 112(k) of the Revenue Act of 1932 in a campaign against foreign personal holding companies which were then being utilized for the purpose of avoiding the U.S. capital-gains tax. Now, of course, with today's tax rates, it is not difficult for the Treasury Department and the IRS to find that a purpose of a contemplated exchange is the avoidance of Federal income taxes. Deferral is so deemed.

"However, company A has no desire to avoid the payment of U.S. tax. It simply wishes to compete with equality under U.S. law with company B for foreign investment opportunities. This it cannot do because section 367 has cemented, not only company A, but perhaps a majority of the primary companies in the field of foreign investment, into a fixed organization pattern.

"Even if we were to assume that rare thing, the Commissioner's approval of an exchange involving a foreign corporation, company A is by no means out of the woods. Subchapter C of the code was framed with domestic business problems in mind. It does not take into account the vagaries of foreign law and the policy of many foreign countries requiring a high percentage of local ownership in corporations. Thus even assuming that company A can overcome what is almost the irrefutable presumption of section 367, it may nevertheless find itself unable to invest where investment is needed because of a statute which should have as one of its principal objectives neutrality of impact between similarly situated taxpayers."

H.R. 5, introduced by Representative Boggs on January 7, 1959, attempts to solve both of the problems he discussed. Section 2 provides for the creation of a new class of foreign business corporation. Section 3 modifies section 367 of the code to permit tax-free transfer by making that provision inapplicable to an exchange arising out of, or in connection with, a transfer of "foreign business property" (as defined) to a foreign corporation in exchange for its stock.

Summary of Boggs Bill and Initial Industry Reaction

The bill introduced by Representative Boggs to accomplish some of his objectives is seen by some representatives of the foreign trade industry to be facing grave difficulties in its progress through the Legislature. The bill (H.R. 5) contains seven independent sections and it may be that, if the need for compromise develops, one or more sections may be dropped.

Section 1 is introductory.

Section 2 would create a new class of Foreign Business Corporations (FBC). These would be domestic corporations which would be permitted to defer U.S. tax so long as the earnings remained invested abroad, to some extent as third-country, foreign-base corporations now do.

Section 3 would permit the tax-free transfer by U.S. corporations of foreign business assets to controlled foreign corporations.

Section 4 would extend the 14-percentage-point tax reduction allowed to Western Hemisphere trade corporations on all foreign income. Only companies with 90 percent of their income from foreign business could qualify as International Trade Corporations (ITC). The WHTC would be abolished.

Section 5 would create an overall limitation on the foreign tax credit which may be elected in lieu of the per-country limitation.

Section 6 would specifically permit credit for foreign taxes forgiven by the foreign country as part of a tax incentive program.

Section 7 would permit nonrecognition of gain on property of foreign subsidiaries involuntarily converted.

Paul D. Seghers, New York City tax attorney and chairman of the International Section of the New York Board of Trade, expressed one reaction of foreign tax experts to the bill: it's complex and doesn't cover all the points that need correction. Mr. Seghers says that, "The need for encouragement of increased activity abroad through tax incentives is so abundantly clear that it is a disappointment that the one piece of legislation proposed along these lines should fall short of affording sufficient incentive. Nevertheless, it would seem reasonable first to consider whether the urgency for legislation to accomplish the announced purpose of the Boggs bill is so great that it would be better to enact H.R. 5 at the earliest possible moment, rather than to risk prolonged delay by seeking to incorporate changes in it, though they may be very desirable.

"However, H.R. 5, if denuded of its provisions for the extension to worldwide trade of the 14-percentage-point tax reduction and for credit for tax waived by foreign countries, would be inadequate to accomplish satisfactorily its intended effect—'to encourage private investment abroad.'

"Why? Deferment is now available through the use of foreign subsidiaries and, according to the most ardent supporters of deferment, is being quite widely availed of in this manner by their competitors. Why, then, can it be anticipated that another form of deferment, given almost the same tax treatment as a foreign subsidiary, will stimulate U.S. business to put money into foreign operations?

"Hence, all who are concerned with the achievement of the announced objectives of H.R. 5 should unite in insisting that the substance of the 14-point reduction and the tax sparing be retained in it.

"The tax-deferral method adopted is based on a plan proposed by Ira Wonder and E. R. Barlow, both of Harvard. It would be better had the method of deferral proposed by Richard C. Munsche (at the December hearings of the Subcommittee on Foreign Trade Policy) been incorporated in H.R. 5, rather than the Harvard plan. In other words, it would be better, as a method of deferral of the tax, to have the income taxed to the stockholder of the foreign business corporation when distributed, rather than to tax the corporation on its income when distributed by it. Unfortunately, there are many obvious disadvantages in the method of deferral of tax provided in the Boggs bill.

"I note that it is apparently possible to qualify the same U.S. corporation for treatment in the same taxable year as both a foreign business corporation and an international trade corporation. This would afford the benefit of both the tax deferral and the 14-percentage-point tax reduction.

"The proposed allowance, in effect, of either the per country or the overall limitation on the amount of the foreign tax credit is to be commended as a badly needed correction of an injustice. It is to be noted, however, that this still leaves much to be desired to correct the injustices resulting from the Treasury's interpretation and application of the code provisions with respect to credit for foreign taxes levied in lieu of income taxes."

Other reactions run the familiar gamut of varied opinion. At the opposite pole to Mr. Seghers may perhaps be the point to fix the position of Prof. Stanley Surrey of the Harvard Law School. He feels that, at present, there is a drive to secure a distinct U.S. tax preference for U.S. corporations having foreign income; the main goal is a 38 percent U.S. tax rate on those earnings. From the start, as Professor Surrey sees it, basic congressional policy has been that a dollar received from foreign earnings should bear the same ultimate U.S. tax burden as a dollar from domestic earnings. Why then, he asks, should a dollar earned abroad be treated any differently? He feels that this question lies at the root of every tax policy issue relating to foreign income.

Somewhere in between are some practically and politically minded persons who believe that, at this point in our political picture, it will be necessary to settle for deferment alone.

Other minor voices may still be heard. Someone has suggested that, if deferment is to be enacted, foreign incorporated base companies should be required to meet the same standards of reporting to the IRS that will be required of foreign business corporations. Another has inquired why no corrective legislation has been proposed to eliminate the tax advantage which results from the arithmetic operation of the foreign tax credit formula (see 10 J. Tax 33).

Citizens Working Abroad Must Now File Returns

U.S. citizens employed abroad will have to file Federal income tax returns for 1958 and later years, even though their income earned outside the United States may be exempt from tax, as a result of the Technical Amendments Act of 1958. Taxpayers claiming exemptions under section 911(a) on their income from personal sources earned abroad will be required to submit with their tax return a new Form 2555, "Statement to Support Exclusion of Income Earned Abroad."

The 1954 code has always required that a return be filed by a taxpayer who has annual gross income of $600 or more ($1,200 if he is 65 years of age or over).

Formerly, many citizens employed in foreign countries did not have to file returns because their gross income, which did not include income exempt because earned abroad, was less than the minimum gross income for filing a return. Now the taxpayer abroad must include exempt earned income when determining whether he must file an income tax return.

All income received for personal services performed abroad by a citizen who is a bona fide resident of a foreign country for at least one full taxable year is exempt. There is also an exemption of the first $20,000 of income received for personal services performed abroad by a citizen who is physically present in foreign countries for (approximately) 17 out of 18 consecutive months.

If the taxpayer qualifies under either of these two rules, income derived from personal services rendered abroad is exempt. This includes wages, salaries, fees, bonuses, commissions, tips and similar income.

However, income paid by the United States Government is not, under any circumstances, exempt for reasons of bona fide residence or presence in a foreign country. Accordingly, U.S. Government employees abroad are generally not affected by the new filing requirement because their government salary is taxable and they have always been required to file income tax returns.

President Eisenhower and the Public Schools

EXTENSION OF REMARKS

OF

HON. LEE METCALF

OF MONTANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 26, 1959

Mr. METCALF. Mr. Speaker, seven state-of-the-Union messages ago, President Eisenhower stated wisely that our school system demands some prompt, effective help. He said the whole situation calls for careful congressional study and action.

Since that time, his recommendations have ranged from study to first echelon action, then back to second echelon study after first echelon inaction.

In 1954, he put it this way:

In order to appraise the needs, I hope that this year a conference on education will be held in each State, culminating in a national conference. From these conferences on education, every level of government—from the Federal Government to each local school board—should gain the information with which to attack this serious problem.

In 1955, the year the conferences were to be completed, he once again became an action man. He put it this way:

However, such factors as population growth, additional responsibilities of schools, and increased and longer school attendance have produced an unprecedented classroom shortage. This shortage is of immediate concern to all our people. Affirmative action must be taken now.

Without impairing in any way the responsibilities of our States, our localities, communities, or families, the Federal Government should serve as an effective agent in dealing with this problem.

Nineteen hundred and fifty-five was the year, too, that the President sent us a special message.

In 1956, he reported the conclusion of the broadly representative White House Conference on Education, that—

The people of the United States must make a greater effort through their local, State, and Federal Governments to improve the education of our youth. This expression from the people—

He said—

must now be translated into action at all levels of government.

So far as the Federal share of responsibility is concerned, I urge that the Congress move promptly to enact an effective program of Federal assistance to help erase the existing deficit of school classrooms.

He promised, and delivered, to Congress that year his recommended program of Federal assistance for school construction.

He hit his peak in 1957, when he said:

High priority should be given the school construction bill. This will benefit children of all races throughout the country—and children of all races need schools now. A program designed to meet emergency needs for more classrooms should be enacted without delay.

But he also hit bottom in the summer of 1957. In July 25, we all lost when the House, by a vote of 208 to 203, killed the bill authorizing general Federal aid to the States for school construction.

This was the bill President Eisenhower said he wanted—until its life hung on his expression of support on the day the bill was voted on. Then there was silence. A statement from the President prior to the vote, that he would be disappointed if school construction legislation were not passed, would have done a lot more good than his mention of disappointment after the bill was killed. For a shift of three votes would have saved the bill. Ninety-seven Democrats and one hundred and eleven Republicans voted against the bill. One hundred and twenty-six Democrats and seventy-seven Republicans voted for it.

In his 1958 state-of-the-Union message, President Eisenhower lumped education and research together, saying his recommended program "involves new activities by the Department of Health, Education, and Welfare designed principally to encourage improved teaching quality and student opportunities in the interests of national security."

But that was the year, too, that he talked of spurring the maximum amount of local effort and called for "redoubled exertions on the part of all Americans if we are to rise to the demands of our times."

This—

He said—

means hard work on the part of State and local governments, private industry, schools and colleges, private organizations and foundations, teachers, parents, and—perhaps most important of all—the student himself, with his bag of books and his homework.

In his 1959 budget message, President Eisenhower proposed another study. He said he would set up a committee of selfless, able, and devoted individuals, outside of Government to make an appraisal of the potentials of our future. The result would be establishment of national goals. The committee also would be concerned "with methods to meet such goals and which levels of Government—local, State, or Federal—might or should be particularly concerned."

As one example, consider our schools, operated under the authority of local communities and States. In their capacity and in their quality they conform to no recognizable standards. In some places facilities are ample, in others meager. Pay of teachers ranges between wide limits, from the adequate to the shameful.

He said:

We need a national goal. Once established, I am certain that public opinion would compel steady progress toward its accomplishment.

So far, we have not heard anything further from the President. His Secretary of Health, Education, and Welfare did hold a press conference and released a letter to Speaker RAYBURN. So we are down to a second-echelon study.

Report to the National Rivers and Harbors Congress

EXTENSION OF REMARKS

OF

HON. OVERTON BROOKS

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 26, 1959

Mr. BROOKS of Louisiana. Mr. Speaker, under leave to extend my remarks, I present the report which I rendered as president to the National Rivers and Harbors Congress at the annual convention of the Congress held in the city of Washington, D.C., on May 16, 1958.

PRESIDENT'S REPORT TO NATIONAL RIVERS AND HARBORS CONGRESS

(By Congressman OVERTON BROOKS, of Louisiana)

Members of the National Rivers and Harbors Congress and friends in all of the 57-year history of the National Rivers and Harbors Congress, this past year probably has been the most momentous. We have been confronted with more problems affecting the water development program than ever before. We have had to make quick decisions to protect our program. I trust we have acted wisely for we have had to shoot from the hip, so to speak.

The basic event of the last year which affected our flood control, waterway, harbor, irrigation and water supply program, was the launching of Sputnik I by the Russians on October 4, 1957. Speaking as a member of the House Armed Services Committee, I should like to express the opinion that this was one of the major historic developments of our entire era. If I may draw an analogy, I should say that the launching of an earth satellite into outer space was of far more long-term importance to all of us than the invention of the automobile and Marconi's development of radio.

Of course, we were stunned that the Russians beat us to the draw. It was a disturbing development that sharply jerked us up to the realization that the Russians have scientific and technical skills that are far greater than we had previously dreamed possible. May I call your attention to the exhibit of the National Rivers and Harbors Congress in the State Room. We have titled the exhibit "Russian Pork Barrel." It is an imposing display of what is being done in the way of water development on the other side of the Iron Curtain. We are not presenting this display to advertise or to propagandize for the Russians; but to remind ourselves in sober fashion that if the Russians can launch sputniks and missiles and improve their internal economy all at

the same time, we should certainly be able to do the same thing.

National defense goes hand in hand with the orderly development of the water resources of this country. Defense and water resource development cannot be separated arbitrarily by men who do not comprehend how closely interrelated are these twin aspects of our national security and our general well-being. This interrelationship is the theme of our convention.

The National Rivers and Harbors Congress moved into high gear when sputnik was launched. It was immediately obvious to us that we might become so obsessed in pumping funds into the satellite-missile program that we would forget some of the day-to-day problems that remained down here on earth.

Let me recall chronologically the sequence of events that followed Sputnik I and what the National Rivers and Harbors Congress did to meet the threat to the river and harbor program.

1. On October 29, 1957, I addressed the Inland Empire Waterways Association at Longview, Wash. This fine group is directed by Mr. Herbert G. West, who is a member of our board of directors.

In this speech I warned that the launching of sputnik by the Russians would bring about a drastic reappraisal of our budget for waterway development. I also observed that efforts would be made to divert funds which Congress had appropriated for flood control, river and harbor, and irrigation work to the development of satellites and missiles. I observed that we might be threatened with the prospect of getting along with the crumbs that dropped from the table.

2. Through various reports from headquarters of the National Rivers and Harbors Congress, we analyzed the threat to our program. We were first among the organizations in this field to report that there would probably be a 20 percent cut in the budget estimates which would be presented to Congress in January 1958 and that a ban would be placed on the start of new projects in the water development field. There were some who thought we were alarmists in this matter, but events have proved the general accuracy of our fears and predictions.

3. On November 29, 1957, our national headquarters sent out a memorandum to officers, national directors, regional directors, and State vice presidents about the threatened cut in appropriations and in future construction.

This report was circulated to some 150 key Members of Congress who are interested in the overall waterway development program. We had an amazing response from this memorandum—a response that showed that these key Members of Congress were also concerned that the water development program might be scuttled and tossed overboard under the guise of providing funds for the satellite-missile program.

4. In early December, the national headquarters became concerned about the recession. There were several headquarters reports and press releases which carried a survey of news stories appearing in papers all over the country, indicating that we were headed toward hard times. I mention this because we felt that a cutback in construction of public works would further add to the present disturbing business decline.

5. On December 5, 1957, the Bureau of the Budget issued a secret order to the Army Engineers to review the expenditure of the appropriated funds in the light of new budgetary considerations. This meant simply that the Bureau of the Budget was delaying and deferring and obstructing the flow of appropriated funds into projects which were already under construction. We objected strongly to this action and, as a result, the Bureau of the Budget has released all of these funds that had been held virtually in escrow.

6. As the rumor of cutback, delay and ban on new starts persisted through November, I called a special emergency meeting of the National Rivers and Harbors Congress board of national directors, which was held in Washington on January 4, 1958. Seventeen of the twenty-one members of the board gathered at the Mayflower Hotel and produced a remarkable set of recommendations, opposing these antagonistic acts toward the water development program.

I wish that each of you would take the time to read a copy of these recommendations.

7. On January 13, the Bureau of the Budget sent to Congress its figures for flood control, river, harbor, navigation, and irrigation work. Due to the opposition that we had expressed to the Bureau of the Budget, the cuts in construction funds were not as great as the 20 percent that had originally been considered within the Bureau of the Budget. However, the budget did contain a ban on the start of new projects, as we had predicted.

8. On the same day, January 13, I issued a release to the press in which I labeled the budget provisions as the "liquidation of the water development program." In my statement, I predicted strong congressional opposition to the cuts and the deferment of new starts, especially in view of the growing business recession.

9. On March 7, President Eisenhower issued a statement releasing some of the appropriated funds for the waterway program. The ban on new starts remained, however, on the flood control, navigation, and irrigation-reclamation program. I will say that we strongly resist this effort to throttle the program by slow strangulation.

I hope that our resolutions committee will bring out a firm statement in opposition to this effort to sabotage the water development program of the United States. We cannot stand still and see our money being spent on dubious foreign-aid projects while we are being denied the funds to keep abreast and apace of our growing national water needs.

America cannot stand still. The times will not await indefinite delay in this highly important defense and economic matter. The time to meet our needs is now.

10. On March 11, the House passed the 1958 Omnibus Rivers and Harbors and Flood Control bill by an impressive majority of 321 to 81. The Senate had previously passed the measure. This was merely an authorization bill, but it is necessary before the appropriations can be made to start the projects that are required to keep abreast of our national water needs.

11. On April 15, President Eisenhower vetoed this bill. We hope that Congress will either override the veto or assert its prerogative to plan the future water needs of the Nation without undue obstruction. I also expect our resolutions committee to bring in a strong recommendation on that subject—and the stronger, the better.

While all of these hectic developments were taking place, we were stepping up our activity in the matter of publicity and membership. We have prepared a new pamphlet which I hope you take the time to read: "The National Rivers and Harbors Congress—What It Is—What It Does."

You will have a report later on the matter of membership. I wish to commend the efforts of our directors from all over the country. They have all worked hard and are entitled to our appreciation for a job well done. We are growing soundly and steadily, not only in membership, but in effectiveness in our cause.

I think I would be derelict in my duty were I not at this time to make certain recommendations to this organization. I think our country should adopt three basic principles as fundamental parts of our water utilization program. They are:

1. The Nation needs and should have a stabilized program for the purpose of water development, including reclamation and all types of river and harbor development. This program should be set at a definite dollar amount, always taking in consideration the decreased purchasing power of the dollar and the increased population of the Nation, with concurring increased need for flood control, navigation, reclamation, recreation, and industrial and municipal use of water.

2. We should have a definite and dependable program of new starts, and no agency of government should be allowed to strangle our program for internal development by direct or devious means.

3. Present projects under consideration should be speeded up to the time when they are completed and useful to our people, and a reasonable backlog of new projects should be authorized by the U.S. Congress.

The adoption of such a program nationally would serve to relieve those of us who have worked hard and hazarded greatly of the constant annual uncertainty, and would permit us to look forward with more assurance to the future. America, the richest land on earth, has a right to expect reasonable internal development and reasonable programs of projects which create wealth in themselves and make our land more livable for its people.

During the course of the last year, the National Rivers and Harbors Congress has made tremendous progress. I am delighted to be able to report to you, from your officers and directors, the fact that during the course of this year we have moved the offices of this organization from the third-story garret on M Street to the modern LaSalle Office Building across Connecticut Avenue from the Mayflower Hotel. Although our space was ample enough at the time of the move, it already has become crowded and too small, and we are looking forward to the time when we will double the size of these offices. I hope that all of you will seek an opportunity to visit your headquarters there during the course of this convention.

During the course of this year, our membership has increased enormously; and this means expanded influence and expanded activity. Keeping up with the increase in membership has been an increase in the total receipts for the organization. This, in turn, has permitted us to increase our budget without going in the red 1 cent. We have added to our staff, as head of the department of public information, Mr. Lacey Reynolds, formerly a newspaperman. His vitality and his alertness have given strength to our program of publicizing the affairs of your organization.

We now have in mind that the National Rivers and Harbors Congress will soon begin to edit a newsletter at regular intervals and will mail this newsletter to our entire membership. This will give us another way to keep in better touch with those throughout the entire Nation who are interested in water utilization and rivers and harbors development.

In the final analysis, we realize that this organization is the oldest national organization for water development in the United States. It was organized in 1901, and is growing in strength today. In the light of the growing demand upon our water resources, I see no reason why this organization should not continue to keep the lead in this program which means everything to the

progress and development of our land, and, in fact, to the very survival of our people.

As this year ends, I sense a quickening of activity and energy on the part of the National Rivers and Harbors Congress. I tell you that your organization is accepted throughout the U.S. Congress and the Nation with more respect and with growing admiration for its activity and its accomplishment. With your continued help and support, the National Rivers and Harbors Congress will move on to goals yet unsought and as of this date undreamed of.

Republicans To Draft Credo

EXTENSION OF REMARKS

OF

HON. THOMAS M. PELLY

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 26, 1959

Mr. PELLY. Mr. Speaker, the history of intra-party differences and conflicts over issues and policies, as between members of the same political party would fill a book and make interesting reading. Actually it is remarkable that under the stress of strong personal loyalties and the resulting cross-convictions of thought that our two great political parties have not splintered into a multiparty system as is the situation today in modern Italy and France. All of which is very much to the good of the great Nation which is so beloved in common by members of both the Republican and Democratic Parties. Moreover, I might add that I doubt if any present Member of Congress will ever live to see a reconstituting or readjustment as between the parties with conservatives joining with conservatives and liberals joining with liberals or some such regrouping.

From time to time, however, in the process of establishing majority views and finding a common basis for agreement, contention manifests itself. Early in this session of Congress Republicans in the Senate in selecting a floor leader revived the modern versus conservative argument of their party. Then in mid-January, in Des Moines, Iowa, at the meeting of the Republican National Committee, partisan roles and policies were under attack and made headlines.

Now at the Senate end of the Capitol, the Democrats are in the limelight with dissident voices asking for more party caucuses to afford wider participation in formulating legislative programs and policies.

But to return to matters pertaining to my own party, which obviously I can discuss with more propriety, Republican Chairman Alcorn has just announced a 44-member committee to draft a long-range statement of Republican Party policy and objectives.

Naturally the question arises, Can any such study group of either party representing all segments of thinking, spell out successfully a set of principles covering a party stand on all vital issues?

Personally, Mr. Speaker, as a Republican I have said that if Republicans stuck to fundamentals and general objectives and principles we can stand firm and find unity. When it comes to regulations on labor, fiscal problems, foreign policy, or domestic programs we should be able to agree on a pattern and framework, but each individual, to have accord, would have to complete the picture for himself or herself as to shades, degree, and details. In other words, there would have to be flexibility and in the spirit of the republican form of government which protects minorities properly there must be mutual respect of viewpoint and compromise between individuals. Each party member cannot demand exactly what fits his or her own convictions down to the last dot. That would be impossible.

Actually, our two great political parties follow the tradition of establishing principles at the grassroots by precinct caucus. After local discussion and free debate, party opinion is implemented and finds substance and form by process of resolution and vote at conventions at various levels until a set of principles and statement of majority views and objectives are consummated in the formal adoption of a party platform. In turn, referring to national principles and objectives, the respective party Members of the House and Members of the Senate establish their respective programs except that the party to which the Chief Executive has allegiance naturally has an influential and active partner in establishing the program deemed in conformity with party policy.

Speaking for myself, I am happy Mr. Alcorn has acted with the President's blessing to have a committee of 44 members of my party draft a statement of principles and long-range objectives. Such a committee should spell out the distinction between the two political parties and point out our Republican philosophy, especially where we insist on need as a requirement to recipients of Federal Government assistance.

To return, however, to my original thought and opening remarks, each political party has its internal differences and sources of conflict. Nothing can effect agreement on all issues. But it is certainly wholesome and constructive for an organization to take a fresh look at what it advocates and at what it seeks to accomplish and how. Self-analysis and self-criticism are healthy signs, and out of what I might call this agony of self-appraisal of the Republican Party I look for Republicans to rally to a rededicated and revitalized party under a strong creed under which our candidates can look for vigorous and united public support.

Of one thing I am sure; no party platform should remain static. For example, the establishment of the European Common Market and free trade areas excluding the United States which became effective in January will require a re-examination of our tariff policy. We stand to lose out to foreign manufacturers and our high-cost American-made products, coupled with worldwide dollar shortages and other barriers, already are cutting U.S. industries out of world competition. I fear American capital may be induced to establish more mass production outlets overseas and then they will ship back into our own domestic markets. Our labor will lose both in foreign markets and here at home.

Therefore we should reemphasize the long-standing Republican principle that foreign products of underpaid foreign labor shall not be admitted to this country on terms which imperil the living standards of the American workman. We will not, I hope, retreat from favoring world trade on the basis of fair and reasonable competition but domestic industry must be protected from serious injury and I feel we Republicans should review our historic position from time to time.

By the same token, on domestic matters such as a farm program, where Republicans have strongly differed within the ranks of party, I am certain unity can be restored if we reexamine and restate our policies. Certainly we believe in building a Nation in which each and every citizen may make the most of his skill, incentive, and enterprise. We believe in individual freedom and oppose a welfare state. We believe in incentives and rewards to workmen and industry for ability, knowledge, hard work, risk, and initiative. This principle should appeal to the laboring people of America.

By the same token Republicans are against big Government spending, big taxes, and Federal control. We would assist those citizens who need help; but in every case the local community and citizens should manage their own affairs and daily lives. We believe that individual opportunity and individual freedom go hand in hand.

The Republican task force to paint the true image of the Republican Party if it succeeds will create an issue which to me needs portrayal to all Republicans. Once we see ourselves and objectives in proper perspective, we can go to the people offering principles which assure the best hope of all citizens—not leaders in Wall Street; not leaders in labor—but all citizens in every walk of life a better and happier existence.

Intra-party issues, selfish interests, and human weakness will always exist as long as politics and politicians compete for popular favor. Yet men and women everywhere regardless of political faith will continue to cherish ideals and hold convictions dear.

It is therefore in our Nation's best interest that both our political parties restudy their policies from time to time and strengthen in every way the honest advancement of principles on which there is united agreement. Therefore, Mr. Speaker, I hail with hope and expectation the efforts of the 44 Republicans from all walks of life and from all over the country who will seek a common ground on which members of the Republican Party can find unity and offer leadership and service to the Nation.