

sideration of H. R. 7570, a bill to provide for the appointment of one additional district judge for the northern district of Ohio; without amendment (Rept. No. 2593). Referred to the House Calendar.

Mr. COLMER: Committee on Rules. House Resolution 708. Resolution for consideration of H. R. 7009, a bill to repeal the proviso against the filling of the vacancy in the office of district judge for the eastern and western districts of Missouri; without amendment (Rept. No. 2594). Referred to the House Calendar.

Mr. SMITH of Virginia: Committee on Rules. House Resolution 709. Resolution for consideration of H. R. 6869, a bill to repeal the prohibition against the filling of the vacancy in the office of district judge for the western district of Pennsylvania; without amendment (Rept. No. 2595). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MORRIS: Committee on Public Lands. H. R. 6959. A bill authorizing the Secretary of the Interior to issue a patent in fee to William Watt; without amendment (Rept. No. 2577). Referred to the Committee of the Whole House.

Mr. MORRIS: Committee on Public Lands. H. R. 6960. A bill authorizing the Secretary of the Interior to issue a patent in fee to James Wilbur Watt; without amendment (Rept. No. 2578). Referred to the Committee of the Whole House.

Mr. MORRIS: Committee on Public Lands. H. R. 6961. A bill authorizing the Secretary of the Interior to issue a patent in fee to Mary E. White Watt; without amendment (Rept. No. 2579). Referred to the Committee of the Whole House.

Mr. MORRIS: Committee on Public Lands. H. R. 6962. A bill authorizing the Secretary of the Interior to issue a patent in fee to Minnie M. Watt Kopac; without amendment (Rept. No. 2580). Referred to the Committee of the Whole House.

Mr. MORRIS: Committee on Public Lands. H. R. 7773. A bill authorizing the issuance of a patent in fee to Nancy Takes Enemy Under Baggage; with amendment (Rept. No. 2583). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CAVALCANTE:

H. R. 9156. A bill to provide for the establishment of a United States Medical Academy; to the Committee on Interstate and Foreign Commerce.

By Mr. HELLER:

H. R. 9157. A bill to create the United States Medical Academy; to the Committee on Interstate and Foreign Commerce.

By Mr. BRYSON:

H. R. 9158. A bill to revise, codify, and enact into law title 21 of the United States Code, entitled "Food and Drugs"; to the Committee on the Judiciary.

By Mr. FULTON:

H. R. 9159. A bill to amend the Civil Service Retirement Act of May 29, 1930, as amended, to reduce the Federal employee payroll by providing additional opportunities for optional retirement; to the Committee on Post Office and Civil Service.

By Mr. RODINO:

H. R. 9160. A bill to provide for the development and improvement of aircraft in-

tended for industrial or personal use, and adaptable for military service; to the Committee on Interstate and Foreign Commerce.

By Mr. VURSELL:

H. R. 9161. A bill to amend the Railroad Retirement Act of 1937 to increase the annuities payable to retired railroad employees and their surviving widows; to the Committee on Interstate and Foreign Commerce.

By Mr. VINSON:

H. R. 9162. A bill to direct the Secretary of Defense to transfer and convey certain lands to the Federal Communications Commission in connection with the Federal Communications Commission's radio-monitoring program; to the Committee on Armed Services.

By Mr. VAN ZANDT:

H. R. 9163. A bill to provide that, in the administration of veterans' laws, service heretofore, or hereafter performed outside the United States shall be held and considered to be wartime service; to the Committee on Veterans' Affairs.

By Mr. SCRIVNER:

H. R. 9164. A bill to exempt States and political subdivisions thereof from the tax on conveyances, and for other purposes; to the Committee on Ways and Means.

By Mr. ELLIOTT:

H. Con. Res. 244. Concurrent resolution to favor a Pacific Pact and the United States participation therein; to the Committee on Foreign Affairs.

By Mr. FLOOD:

H. Res. 698. Resolution to authorize the Committee on the District of Columbia to investigate and study the recent increase in the price of bread in the District of Columbia; to the Committee on Rules.

H. Res. 699. Resolution to provide funds for the expenses of the investigation and study authorized by House Resolution 698; to the Committee on House Administration.

By Mr. CANNON:

H. Res. 700. Resolution for the investigation of the national-defense program; to the Committee on Rules.

By Mr. TRIMBLE:

H. Res. 701. Resolution fixing salary of House messengers; to the Committee on House Administration.

By Mr. EVINS:

H. Res. 710. Resolution to authorize an investigation and study of veterans' education and training under Veterans Regulation No. 1 (a), as amended; to the Committee on Rules.

H. Res. 711. Resolution to provide funds for the expenses of the investigation and study authorized by House Resolution 710; to the Committee on House Administration.

By Mr. VINSON:

H. Res. 712. Resolution providing for the consideration of S. 3520, a bill to strengthen the common defense by providing for continuation and expansion of Western Hemisphere production of abacá by the United States; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. HEFFERNAN:

H. R. 9165. A bill for the relief of Maija Sisko Erkkila; to the Committee on the Judiciary.

By Mr. JONAS:

H. R. 9166. A bill for the relief of Louis J. T. Hendrickx; to the Committee on the Judiciary.

By Mr. KLEIN:

H. R. 9167. A bill for the relief of Henry Hasenberg; to the Committee on the Judiciary.

By Mr. MARTIN of Massachusetts:

H. R. 9168. A bill for the relief of Mr. Selim Salloum, also known as Robert Salloum; to the Committee on the Judiciary.

By Mr. ROOSEVELT:

H. R. 9169. A bill for the relief of Dr. Arthur Kirc; to the Committee on the Judiciary.

H. R. 9170. A bill for the relief of Constantin and Lucia (Bercescu) Turcano; 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:

2264. By Mr. REED of Illinois: Resolution of the board of directors of the McHenry County Farm Bureau, opposing the provisions of Senate bill 3424; to the Committee on Public Works.

2265. By the SPEAKER: petition of J. Ben Critz, vice president, Dallas Chamber of Commerce, Dallas, Tex., relative to the Supreme Court decision handed down pertaining to the tidelands off the shore of Texas; to the Committee on the Judiciary.

2266. Also, petition of Al Gordon, president, Radio News Club, Hollywood, Calif., relative to a statement issued by Radio News Club of Southern California on Federal Communications Commission's hearing on news-slanting charges against radio station KMPG; to the Committee on Interstate and Foreign Commerce.

2267. Also, petition of H. F. Kirk, vice president, National Organization Masters, Mates, and Pilots of America, Inc., Baltimore, Md., condemning the unprovoked, unjustified, and reprehensible attack of South Korea by the Communist-led North Korean forces; to the Committee on Foreign Affairs.

2268. Also, petition of Roy M. Nishikawa, chairman, Japanese American Citizens League, Salt Lake City, Utah, relative to House Joint Resolution 238, which provides for extending equality in naturalization to all resident aliens; to the Committee on the Judiciary.

SENATE

WEDNESDAY, JULY 19, 1950

(Legislative day of Saturday, July 1, 1950)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Rev. L. Oakey Wilburn, D. D., superintendent, Petersburg, Va., district, the Methodist Church, offered the following prayer:

O God, make us eternally grateful for Thy many mercies. Give us a feeling of gratitude, too, for Thy loving forgiveness through the ages. As we call upon Thee this day, may we exalt Thee and praise Thy name in the land of a people who stand for freedom.

In an hour of trouble and anxious concern, help us to be steady and to have the judgment to mark out a way that is sure and secure before Thee. Ever be with those who serve wherever they may be and in whatever service they are called upon to tender. Give comfort to every soul who feels so keenly the stress and strain in these hours.

Upon these on whom depends so much, and on whom so many depend, give Thy grace and the power of Thy Holy Spirit, that they may make wise decisions. May there be none in our land who will not stand for time-honored and proven principles that bring justice and righteousness.

Above all else, make our faith equal to our needs at all times. In Jesus' name we pray. Amen.

THE JOURNAL

On request of Mr. MAYBANK, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, July 18, 1950, was dispensed with.

MESSAGES FROM THE PRESIDENT—
APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on July 18, 1950, the President had approved and signed the following acts:

S. 381. An act for the relief of Low Way Hong; and

S. 2575. An act for the relief of Yayoko Kobayashi and June Kobayashi, and for other purposes.

PHOTOGRAPH-TAKING IN SENATE
CHAMBER

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. WHERRY. I thought it was against the rules of the Senate to take a picture of the Senate while it was in session.

The VICE PRESIDENT. It is against the rules.

Mr. WHERRY. Then I ask the distinguished President of the Senate to see to it that the rule is enforced, for certainly there was a flash here just a moment ago.

The VICE PRESIDENT. The Chair observed the flash, but he is advised that it was outside the Senate Chamber.

Mr. WHERRY. There was certainly a flash inside the Senate Chamber, but I do not know where the camera is.

The VICE PRESIDENT. The Chair would suggest that if any photographer took a picture of the Senate Chamber when it is in session, the Sergeant at Arms see to it that it is not developed.

Mr. WHERRY. I thank the Chair.

The VICE PRESIDENT. The Chair is advised that what happened was that some photographer took a picture of the President as he came into the Senate Chamber.

Mr. WHERRY. I was of the view that the flash was inside the Senate Chamber, and I believed it was in violation of the rules if that had happened; but if it was outside the Senate Chamber, it is perfectly agreeable to me. It was a pretty strong flash, to get inside the Senate Chamber.

The VICE PRESIDENT. The Chair agrees that it was a strong flash.

CALL OF THE ROLL

Mr. MAYBANK. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

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

Aiken	Chavez	Ferguson
Anderson	Connally	Flanders
Benton	Cordon	Frear
Brewster	Darby	Fulbright
Bricker	Donnell	George
Bridges	Douglas	Gillette
Butler	Dworshak	Graham
Byrd	Eastland	Green
Capehart	Eaton	Gurney
Chapman	Ellender	Hayden

Hendrickson	McCarran	Russell
Hickenlooper	McCarthy	Saltonstall
Hill	McClellan	Schoeppel
Hoey	McFarland	Smith, Maine
Holland	McKellar	Smith, N. J.
Humphrey	Magnuson	Sparkman
Hunt	Malone	Stennis
Ives	Martin	Taft
Jenner	Maybank	Thomas, Okla.
Johnson, Colo.	Millikin	Thomas, Utah
Johnson, Tex.	Morse	Thye
Kem	Mundt	Tobey
Kerr	Murray	Tydings
Kilgore	Myers	Watkins
Langer	Neely	Wherry
Leahy	O'Connor	Wiley
Lehman	O'Mahoney	Williams
Lodge	Pepper	Young
Lucas	Robertson	

Mr. MYERS. I announce that the Senator from California [Mr. DOWNEY] is absent because of illness.

The Senator from South Carolina [Mr. JOHNSTON], the Senator from Louisiana [Mr. LONG], the Senator from Idaho [Mr. TAYLOR], and the Senator from Kentucky [Mr. WITHERS] are absent by leave of the Senate.

The Senator from Tennessee [Mr. KEFAUVER] is absent on official committee business.

The Senator from Connecticut [Mr. McMAHON] is absent on public business.

Mr. SALTONSTALL. I announce that the Senator from Washington [Mr. CAIN] and the Senator from Michigan [Mr. VANDENBERG] are absent by leave of the Senate.

The Senator from California [Mr. KNOWLAND] is absent because of a death in his family.

The VICE PRESIDENT. A quorum is present.

REPORT ON KOREAN SITUATION AND
RECOMMENDATIONS FOR LEGISLATIVE
ACTION—MESSAGE FROM THE PRESIDENT
(H. DOC. NO. 646)

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read and referred to the Committee on Foreign Relations.

(For President's message, see pp. 10626-10630 of House proceedings in today's RECORD.)

Mr. LUCAS. Mr. President, the message of the President of the United States obviously speaks for itself. However, I think that, after every Senator has listened to the message, we all must realize the gravity of the situation which today exists in America and in the world.

The President has presented in his message a broad program for the expanding of our Armed Forces. He has requested that we stand firmly back of the United Nations Organization, and he has also asked that the productive power of America be placed into operation in order that we may check the aggressive action of the Northern Koreans and of all others who may come to their aid.

It seems to me, Mr. President, that the message is one of real importance. I think everyone can see that the leadership of the Commander in Chief at this particular time is firm, courageous, and superb. I am satisfied that the Congress of the United States and the great majority of the American people will support the Chief Executive of the

Nation in the request he makes in this unusual hour of peril.

Mr. President, a bill has accompanied the message, which is in the hands of the distinguished Senator from South Carolina [Mr. MAYBANK] who, I understand, will handle the proposed legislation before his committee.

Mr. MORSE. Mr. President, I wish to make the shortest speech perhaps that I have ever made in the Senate, by way of comment on the historic message which the President sent to the Congress today. I wish to say I think it was a good American message, issued by a good American. I intend to support it to the limit.

TRANSACTION OF ROUTINE BUSINESS

Mr. LUCAS. Mr. President, I ask unanimous consent that Senators be permitted to present petitions and memorials, file reports, introduce bills and joint resolutions, and submit routine matters for the RECORD, without debate and without speeches.

The VICE PRESIDENT. Is there objection to the request?

Mr. WHERRY. Mr. President, reserving the right to object, I am in full accord with the request of the majority leader, with the exception of the filing of the report by the chairman of the Foreign Relations Committee. I feel that when that report is filed there will be some questions asked. I trust that the Senator will not include the report in his unanimous-consent request.

Mr. LUCAS. If the Senator is going to object, I shall withhold the request.

Mr. WHERRY. I am not objecting to the request with reference to insertions in the RECORD, or the filing of anything except that one item which I have mentioned. I think the Senator will agree with me that if questions are to be asked there should be time allowed for that purpose.

Mr. LUCAS. Of course, sooner or later the report of the Senator from Maryland [Mr. TYDINGS], as chairman of the subcommittee of the Foreign Relations Committee handling the resolution adopted by the Senate some time ago, will be filed. I thought perhaps it might be filed at this time, and then, later on, we can discuss it, and the Senator from Nebraska or any other Senator who desires to raise any question regarding it may do so. But I think the report should be filed at this time.

Mr. WHERRY. I should be perfectly willing to agree to the insertion of anything in the RECORD, reserving the filing of the report to which I have referred. I think the Senator from Illinois might modify his request, so that when the report is filed, and any Senator wants to ask questions about it, his rights will be protected.

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

Mr. LUCAS. I yield.

Mr. TAFT. I do not understand that the general request prevents objection to any individual item.

The VICE PRESIDENT. The Chair would state in that connection that while it has been customary, during these more or less informal morning hours, that the

majority leader or other Senators ask unanimous consent that Senators be permitted to file bills, reports, petitions, memorials, or other matters, the Chair feels that the consent applies to all Senators and that each individual Senator does not have to ask again that he be permitted to file a petition or a memorial or introduce a bill. Notwithstanding that fact, through custom, Senators do ask unanimous consent. The Chair does not think it is necessary for each Senator to ask unanimous consent. It is a substitute for the morning hour when there has been an adjournment, and in that hour Senators do not have to ask unanimous consent to file reports, petitions, or memorials or introduce bills.

Mr. LUCAS. Mr. President, the only reason for including the filing of reports was to avoid the necessity of having a regular morning hour. I hoped that the Senate might recess today until tomorrow as we have been doing. If there is objection, I shall be glad to withhold my request.

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

Mr. LUCAS. I yield.

Mr. WHERRY. I should like to say again to my distinguished friend that there is no objection at all to Senators inserting anything they want to insert in the RECORD, without debate, but the point has been raised that it requires unanimous consent, as I am quite satisfied it does, to file the report. So I ask the distinguished majority leader if he will not accept a modification of his request, so as to provide that when it comes times to file the report opportunity will be afforded Senators to ask questions or to make a few observations concerning the report. That will happen at some time. I am certainly agreeable to the request of the Senator, with that single exception. If the Senator will modify his request so that questions can be asked and answered concerning the report, without asking for the regular order, the Senator from Nebraska will agree.

Mr. LUCAS. Mr. President, I am satisfied that there will be all kinds of questions asked about the report. The Senator from Illinois certainly has no intention of preventing any Senator from making any statement he desires to make regarding the report. No Senator on this side of the aisle has any objection to that. The report must be filed today, tomorrow, or at some time. After the report is filed any questions can be raised which the minority desires to raise. It seems to me we are merely delaying the filing of the report.

I shall withhold my request with reference to the report. It can be filed during the morning hour, and the same procedure will occur. It is not debatable during that time. After the morning hour we can take it up and debate it, and any Senator at that particular time will have an opportunity to discuss it pro and con.

Mr. WHERRY. Mr. President, I may say to the distinguished majority leader, in all sincerity, that I agree entirely with that procedure. That will have to happen if unanimous consent is not now granted. There is no disposition on this side of the aisle to delay

the filing of the report, because it will be filed in the morning hour if unanimous consent to file it at this time is not granted. I should be glad to have it filed now, if it be the understanding that motions may be made with reference to it and that it may be debated tomorrow. If the Senator from Illinois would rather have it taken up tomorrow, that is agreeable to me. If he wants unanimous consent now, I shall be glad to agree, with the modification which I have suggested.

Mr. LUCAS. Mr. President, I do not think it makes much difference one way or the other. I shall ask the chairman of the subcommittee if he wishes to go along with the suggestion of the Senator from Nebraska and file the report during the morning hour.

Mr. TYDINGS. Mr. President, on yesterday, when I was requested to delay the filing of the report, I acceded to the wishes of some Senators on the other side of the aisle. They asked me to delay filing the report until they could look at it, and they said it would be all right to present it today. So I acceded to their request. They have all had an opportunity to look at it. The filing of the report now would not preclude any action taken on the resolutions to have the report printed. It would not preclude any action I can envisage that may be taken tomorrow or next day, without any prejudice at all to any position which any Senator may want to take in the future.

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

Mr. LUCAS. I yield.

Mr. WHERRY. This is a unanimous-consent request. I ask the Senator from Illinois if he will not modify his request so that all Senators may be permitted to ask questions, participate in debate, raise any issue, or make any appropriate motion concerning the report, and that consideration of the matter shall not be terminated by a demand for the regular order prior to the disposition thereof. If the Senator would accept such a modification, it would be perfectly agreeable to proceed with the filing of the report.

Mr. LUCAS. I do not agree to that. I withdraw that part of the unanimous-consent request dealing with the filing of reports.

The VICE PRESIDENT. Is there objection to the request of the Senator from Illinois that Senators be permitted to present petitions and memorials, introduce bills and joint resolutions, make insertions in the RECORD, and submit routine matters for the RECORD, except reports of committees, without speeches and without debate?

Mr. WHERRY. Reserving the right to object, and I am not going to object to the general suggestion, but I think the unanimous-consent request should include provision that objection may be made by an individual Senator to anything which may come up during this so-called morning hour if it relates to the subject already mentioned.

The VICE PRESIDENT. The Chair cannot anticipate what may arise on a report which has not been filed. Unanimous consent is required to file a report, except during the morning hour.

During the morning hour, when we reach the category of reports it can be filed but it cannot be debated during the morning hour.

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

Mr. LUCAS. I yield.

Mr. TAFT. Mr. President, reserving the right to object, and I intend to object, I do not think a procedure by which we give unanimous consent in advance to anything being brought in should be granted. I never thought that would be the effect of what is being done this year. We never did it before. It seems to me that all we intended to do when we adopted this rather informal procedure of having a morning hour was simply to set aside temporarily the pending business so that unanimous-consent requests may be made. If the Senator is now asking for a general unanimous-consent request which has the effect of providing for a morning hour when there is no morning hour, I shall hereafter object to all such requests. The Chair has interpreted that kind of request to be something that I never thought it would be up to this moment. He has interpreted it to mean that we must waive all right to object to any unanimous-consent request which may be made, or to the filing of reports, introduction of bills, or any other procedure. If we want to get into that situation we ought to have a regular morning hour, when 2 hours are available to conduct the whole operation and consider all such matters. If the request is interpreted as the Chair has interpreted it, I object.

The VICE PRESIDENT. The Chair was interpreting the procedure in the light of the requests which are usually made. Usually a request is made that Senators be permitted to introduce bills and joint resolutions, make routine insertions in the RECORD, and so forth. Heretofore it has included the making of reports. If it has been the intention of the Senator making the request, and of the Senate, merely to give an opportunity for a Senator to have unanimous consent to do these things, the Chair's comment is subject to modification. However, the Chair had in mind in the comment he made that usually the request is that Senators be permitted to do these things. It is not an important matter so far as the Chair is concerned.

Mr. LUCAS. It seems to me that the able Senator from Ohio is taking a rather strange view of the pronouncement made by the Vice President with respect to what we are attempting to do. We are merely trying to serve the convenience of Senators who come to the floor of the Senate immediately following the convening of the Senate and desire to make requests to place matters in the RECORD, introduce bills, and so forth, more or less as is done during a regular morning hour. If we do not proceed in that way, and the Senate recesses from day to day, Members of the Senate will come in during the day and ask the Senator who has the floor to yield for that purpose. The whole theory is to finish that part of the business of the Senate before we take up the consideration of the pending or unfinished business. It

is merely a matter of convenience for Senators.

It is perfectly all right for the Senator from Ohio to object, but when he objects he is actually inconveniencing many Senators who desire to present such matters.

Mr. TAFT. Ordinarily when we have pending business before the Senate a Senator is recognized to speak on the pending business, and in that case, if it is desired to present routine matters, all that is necessary to do is to ask that temporarily and on condition that the Senator making the request will not attempt to indulge in debate, he may be recognized for a limited purpose, namely, to ask unanimous consent. However, anyone ought to have a right to object at any time to any Senator's making such a unanimous-consent request to file a report or take any other action which could be objected to during the pendency of unfinished business.

Mr. LUCAS. The unanimous-consent requests which have been made by the majority leader during the past year and during the present year have been requests to permit Members to introduce bills, present petitions and memorials, and so forth. I repeat that it is difficult for me to understand how the able Senator from Ohio could object to that type of procedure. It has been in vogue ever since I have been a Member of the United States Senate. It has been done right along, and it has been done solely for the purpose of giving Senators an opportunity to transact routine business. They can do that under a general request immediately after the first quorum call is had, following which they can go to committee hearings, or go to lunch, or anywhere else, if they do not desire to stay on the floor. However, if this objection is made, one Senator after another will come to the distinguished chairman of the Committee on Appropriations, during the course of the debate of the pending bill, to ask him to yield for the purpose of making an insertion in the RECORD. It seems to me that the procedure we have followed is absolutely in order. I believe it is the proper procedure, and no one should object to it. If it is objected to, we shall have to go into a morning hour every morning.

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

Mr. LUCAS. I yield.

Mr. WHERRY. This question has arisen time and time again. I know that many Senators have the same opinion of the right of an individual Senator to object to a general unanimous-consent request which is usually made at the beginning of the session after the Senate convenes following a recess. I hope the Senator from Ohio will agree with the theory, and I hope that he will withdraw his objection to a general request for the making of insertions in the RECORD on the assurance of the minority leader that nothing will come up or pertain to the filing of the report in question.

Mr. LUCAS. I have already withdrawn that request. No reports can be filed under that situation.

Mr. WHERRY. That is correct.

Mr. LUCAS. I have tried to do everything I can with respect to this report. So far as I am concerned, nothing will be brought up regarding it. But, regardless of so-called unanimous-consent requests, the moment the appropriation bill is under consideration, a Senator cannot be prevented from taking the floor, if he so desires, and speaking all afternoon on the report.

Mr. WHERRY. I understand the parliamentary procedure outlined by the distinguished majority leader. I am simply trying to accomplish what he wants done. If the majority leader now understands the situation, which I am sure he does, no objection will be made to the general unanimous-consent request for insertions in the RECORD. However, I want to say that I hold to the opinion that an individual Senator has a right, and should have a right, to object, because he cannot know in advance what is coming up under a general unanimous-consent request. With the assurance of the majority leader that the purpose of the unanimous-consent request is as outlined, I shall certainly not object to it.

The VICE PRESIDENT. The Chair would like to clarify the situation. If it is the desire of the Senate that during this so-called informal morning hour Senators be allowed only to ask unanimous consent to do what they want to do, the request ought to be put in that form. If it is the wish of the Senate, on a request by any Senator, that Senators be permitted to introduce bills and make routine insertions in the RECORD, it ought to be so stated. If a Senator gets general consent of the Senate that Senators be permitted to file such matters, the Chair still thinks that he was right in his interpretation that it is not necessary for each individual Senator to get consent again. If the Senate does not wish to go that far, but merely have Senators ask unanimous consent to insert matters in the RECORD, or introduce bills, the Chair would like to know it, so that he may follow the wishes of the Senate in that regard.

Mr. LUCAS. Mr. President, I renew my request, with the filing of reports of committees excluded from the request.

The VICE PRESIDENT. Is there objection?

Mr. TAFT. There is usually included in the request the words "without debate and without speeches." That does not necessarily do away with the morning hour. It seems to me that the request should be so framed that Senators who desire to act under the request should be required to obtain unanimous consent, or at least objection should be permitted, as would be the case at any other time. I would object to any general request which would have the effect, therefore, of suspending the ordinary practice of requiring Senators to ask unanimous consent during the consideration of the unfinished business.

Mr. LUCAS. Mr. President, I regret that the Senator from Ohio has objected. I withdraw the unanimous-consent request, and from now on I presume we will have to have a morning hour every morning.

I wish to make another unanimous-consent request, and I sincerely hope the Senator from Ohio will not object. I ask unanimous consent that the Senator from South Carolina [Mr. MAYBANK] may be permitted to introduce a bill involving legislation suggested by the President of the United States this morning in his message.

Mr. TAFT. If the Senator will yield, let me say that I have not the faintest objection to the Senator from South Carolina introducing the bill. Of course he can obtain unanimous consent for himself, and any other Senator could do the same, so long as the Senator in charge of the unfinished business does not object to it as interfering with that business. I do not think the Senator needs to ask unanimous consent.

Mr. LUCAS. The Senator from Tennessee [Mr. MCKELLAR] has not made any objection to any unanimous-consent request I have made, so apparently my requests are not interfering with the business of the Senate, from his viewpoint, on this side of the aisle. They are only interfering with the business of the Senator from Ohio.

The VICE PRESIDENT. Is there objection to the request of the Senator from Illinois that the Senator from South Carolina be permitted to introduce a bill? The Chair hears none.

DEFENSE PRODUCTION ACT OF 1950

Mr. MAYBANK. Mr. President, as chairman of the Committee on Banking and Currency I introduce, by request, a bill which, as stated by the distinguished Senator from Illinois, is in keeping with the President's message.

The bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, introduced by Mr. MAYBANK, was read twice by its title.

The VICE PRESIDENT. The Chair would like to suggest that the President's message deals with a number of subjects. The bill introduced by the Senator from South Carolina, which the Chair has examined, deals with a portion of the President's message having to do with controls, allocations, and various other matters that come under the jurisdiction of the Committee on Banking and Currency. If and when bills are introduced dealing with other portions of the President's message, they will be sent to the appropriate committees at the time of their introduction.

The Chair refers the bill introduced by the Senator from South Carolina to the Committee on Banking and Currency.

Mr. MAYBANK. Mr. President, I greatly appreciate what the distinguished Vice President has just said. I also wish to call attention to the fact that in this bill there are certain references to the Commodity Exchange Act and to commodity trading, and I am going to consult with the chairman of the Commit-

tee on Agriculture and Forestry before anything is done with reference to this section. The other sections of the bill, in my judgment, come under the jurisdiction of the Committee on Banking and Currency.

Mr. President, I now ask that there be printed following my remarks a summary and analysis of the proposed Defense Production Act of 1950, a copy of the bill, and a statement prepared by me.

The VICE PRESIDENT. Is there objection to the request of the Senator from South Carolina. The Chair hears none, and it is so ordered.

The summary and analysis are as follows:

SUMMARY AND ANALYSIS OF PROPOSED DEFENSE PRODUCTION ACT OF 1950

PART A—SUMMARY OF BILL

The proposed "Defense Production Act of 1950" is designed to meet the increasing demand for production for the Armed Forces by giving to the President certain authority to provide for the diversion of existing facilities, materials, goods and services from civilian use to military purposes and for the expansion of productive facilities.

In addition to a declaration of policy the bill consists of five titles providing the authority needed to channel facilities and materials into military and essential civilian uses, to finance increased productive capacity and a larger supply of materials, and to control consumer and real estate credit and speculation in commodities.

The first two titles are designed to assure the effective utilization of materials and facilities for essential purposes. Title I authorizes the President to require that defense contracts must be accepted and performed in preference to all other contracts, and gives him authority to control materials and facilities in such fashion and on such conditions as will assure availability for military and essential civilian needs. Title II authorizes the President to requisition property needed for national defense and to pay fair compensation for the property taken.

Title III provides in two ways for the expansion of productive capacity and an increase in the supply of essential materials. First, it authorizes the guaranty of loans made by public and private financing institutions to persons producing for national defense, and second, it authorizes the President, through the RFC or other corporations created for the purpose, to make direct loans to private enterprise for essential production and to purchase, either for Government use or for resale, metals, minerals, and other raw materials necessary to meet military and essential civilian needs.

Title IV is designed to control various forms of credit and the speculation in commodities. Subtitle A provides direct statutory authority for the President to regulate consumer credit, a control similar to that previously applied under authority of section 5 (b) of the Trading With the Enemy Act and Executive Order 8843. It also authorizes the President to restrict the terms upon which loans for real estate and housing may be made. Subtitle B amends the Commodity Exchange Act to authorize the President to regulate margin requirements for commodity trading.

Title V carries the general provisions applicable to all titles. Among other things, it entitles the President to obtain information necessary to exercise the proposed powers, to make necessary regulations and delegations of authority, and to employ persons in the top three grades established by the Classification Act of 1949, all limited to the purposes of the act. It also provides an exemption

from liability arising out of compliance with regulations issued under the act and from antitrust prosecution for activities requested by the President for defense purposes. Necessary appropriations are authorized.

PART B—SECTION-BY-SECTION ANALYSIS OF THE BILL

Section 2, declaration of policy: This section reaffirms the policy of the United States to oppose aggression by means of collective action through the United Nations and regional arrangements, and further declares that in order to maintain the military and economic strength required under present circumstances to carry out this purpose, it will be necessary to divert certain materials and facilities from civilian use to military and related purposes and to provide for the expansion of productive facilities beyond the levels needed to meet existing demands. It recognizes that some curtailment and redirection of normal civilian production and purchases will be required, but states that it is the intention of the Congress that the powers granted be used to meet the authorized requirements of the Armed Forces promptly and effectively without imposing undue strains upon wages, prices, and the production and distribution of essential civilian materials.

Title I—Priorities and allocations

Section 101 (a) authorizes the President to require that contracts which he deems necessary or appropriate to promote the national defense shall be accepted and performed by any person found to be capable of performance, and be given preference over all other contracts. He is further authorized to allocate materials and facilities on such terms as he may deem appropriate to promote the national defense. Use of this authority to ration consumer goods at the retail level is expressly prohibited.

Section 101 (b) provides criminal penalties for willful violations of the provisions of this title or of any rule or regulation issued thereunder.

Title II—Authority to requisition

Section 201 authorizes the President to requisition materials and facilities urgently needed for the national defense. Payment of just compensation as determined by the President is required, but when the person entitled to receive compensation is unwilling to accept such compensation as full payment, he shall be paid 50 percent of the amount and shall be entitled to sue for the remainder within 3 years in the Court of Claims or any district court.

Title III—Expansion of productive capacity and supply

Section 301, loan guaranties: Subsection (a) authorizes the President to provide for the guaranty of loans made by public or private financial institutions to contractors or other persons for defense purposes. The President may authorize the defense departments and other Government agencies to make such guaranties without regard to laws relating to the making, performance, amendment, or modification of contracts.

Section 301 (b) designates the Federal Reserve banks to act as fiscal agents to carry out such guaranties and provides for the utilization of funds of the guaranteeing agency to meet all expenses and losses incurred.

Section 301 (c) authorizes the Federal Reserve Board to prescribe rates of interest and other charges and to issue regulations governing uniform procedures for processing the guaranties.

Section 301 (d) makes available to the guaranteeing agencies for purposes of this section all funds appropriated or allocated to it for national defense purposes.

Section 302, loans for expansion, development, or production: This section gives the President authority to provide for loans to

private business enterprises for the expansion of capacity, the development of technological processes or the production of essential materials. Such loans may be made on such terms and conditions as the President deems necessary with two exceptions: Other financial assistance must be unavailable on reasonable terms and that portion of the loan principal used for the purchase or construction of plant or equipment may not exceed 75 percent of the cost of such plant or equipment.

Section 303, purchase of metals, minerals, and other raw materials: Subsection (a) authorizes the President to make purchases or commitments to purchase such metals, minerals, and other raw materials as are necessary to meet military and essential civilian needs.

Section 303 (b) removes the procurement restrictions of other laws and permits the President to make advance payments and prescribe other terms and conditions deemed necessary. The use of premium payments, however, is expressly confined to those cases in which the supply of essential materials cannot be obtained at lower prices.

Section 303 (c) states that the power to purchase includes the power to transport, store, process and refine any materials produced under this section.

Section 304, administration: Subsection (a) authorizes the President, for the purposes of sections 302 and 303, to utilize the RFC and other agencies of the Government or to create and use new corporations.

Section 304 (b) sets out the powers of corporations newly formed under this section. Life of such corporations is limited to June 30, 1952, except for purposes of liquidation, and the authorization to borrow from the Treasury may not exceed \$2,000,000,000. Arrangements for issuance of corporate obligations to the Secretary of the Treasury are prescribed.

Title IV—Control of credit and commodity speculation

Subtitle A—Consumer and Real Estate Credit

Section 401 (a) provides for authority similar to that exercised in Regulation W during the past war. It adds, however, controls over real property credit. The President would be authorized, in order to prevent or reduce excessive use of or fluctuations in such credit, to classify transactions and prescribe maximum loans or credit values, minimum down payments, maximum maturities, rates of payments, rules regarding outstanding credit and other related matters. Regulations may include administrative provisions to effectuate the purposes of this section, taking into account changing conditions as to the level and trend of consumer and real estate credit and the effect of the use thereof upon purchasing power, demand for real property and its improvements, and the need for maintenance of sound credit conditions.

Section 401 (b) provides that no person engaged in the business of extending or maintaining consumer or real estate credit shall extend or maintain any credit or do any act in relation thereto in contravention of any regulation prescribed by the President pursuant to this section. Every such person shall keep records and make reports as may be required; all such records shall be subject to periodic or other examinations.

Section 401 (c) provides penalties for violations of this act or of regulations issued thereunder.

Section 401 (d) provides that transactions and persons subject to this section may be required to be registered or licensed; such registration or license may be suspended for violation of this section or any regulation prescribed by the President, after notice and opportunity for hearing. It authorizes utilization of the Federal Reserve Board, Federal Reserve banks, and any other agencies, Federal or State, which are available and appropriate in administering this section.

Section 401 (e) defines terms applicable to this title.

Section 402, housing loans: This section authorizes the President to reduce maximum principal amounts, maximum maturities and the ratios of loan to value or cost of any type of housing loan in which any agency of the Government participates whenever he finds, after considering the effect on the building industry, on the national economy, and on defense production, that such action is necessary. A proviso requiring the retention of a relative preference for veterans is included.

Sec. 403, amendment of section 5A of the Federal Home Loan Bank Act of June 27, 1950: "This section provides against the making or purchase of any loan by a member of a Federal home loan bank when its cash and obligations of the United States are not equal to such amount as prescribed by the Home Loan Bank Board within limits prescribed by this section.

Subtitle B—Commodity Speculation

Section 411: This section adds a new paragraph 5 to section 4 (a) of the Commodity Exchange Act. Paragraph 5A of that section will provide that upon determination by the President that the nature or extent of speculative trading on boards of trade causes or threatens to cause sudden or unreasonable fluctuations in price of any commodity, he may prescribe regulations as to margin for purchase or sale of such commodity for future delivery.

Paragraph 5B of that section will provide that buying, selling, or accepting orders for purchase or sale of such commodity for future delivery is unlawful unless margin funds or securities are deposited and maintained in compliance with rules and regulations promulgated under this paragraph. A floor broker acting solely in that capacity shall not be deemed a violator of this paragraph.

Paragraph 5C of that section will provide that money, securities, or property deposited as margin shall be handled in compliance with section 4 (d) (2).

Paragraph 5D of that section will provide that it is unlawful for any person to engage in soliciting or accepting orders for purchase or sale of commodity for future delivery on any board of trade, unless such person keeps written records of such transactions, which shall be kept for 3 years from date of each transaction, and open at all times to inspection by any designated Government representative.

Paragraph 5E of that section will provide that the term "commodity" includes agricultural commodity, product or byproduct thereof.

Paragraph 5F of that section will provide that the provisions of section 21 of the Securities Exchange Act of 1934, as amended, are made applicable for administering and enforcing this paragraph 5.

Section 412: This section amends the Agricultural Act of 1949 to authorize the Commodity Credit Corporation, when the President so directs, to sell commodities at the current support price, if not below the market price, for the purpose of stabilizing the market and preventing undue speculation and price fluctuations.

Title V—General provisions

Section 501, small-business participation: This section expresses the policy of encouraging the participation of small firms in programs authorized by this act. It provides for full information concerning the activities of Government agencies and for appropriate representation of small business on industry advisory committees. It also provides for such exemptions for small firms as are feasible and for special procedures designed to expedite their applications, requests, and appeals relative to such participation.

Section 504, authority to issue rules and regulations.

Section 503, delegations of authority and employment of personnel: Any power or authority conferred upon the President by this act may be delegated and redelegated to any officer or agency of the Government. Personnel to carry out the purposes of this act are authorized without regard to section 14 of the Federal Employees Pay Act of 1946.

Section 504, authority to issue rules and regulations.

Section 505, information and reports: Subsection (a) authorizes the President to require the keeping of records and the submission of reports, inspection of books, premises, or property, and the attendance of witnesses by subpoena, or otherwise, as may be necessary or appropriate to the enforcement or administration of this act.

Section 505 (b) requires that any individual may be required to testify or produce evidence despite a claim of privilege against self-incrimination but may not be prosecuted or penalized, except for perjury, on account of any transaction covered by such testimony or evidence. This immunity does not insure for such a violator further priorities assistance or the allocation of materials.

Section 505 (c) limits the production of a person's books or records to the place where he usually keeps them if he will furnish the President with a true copy of such books or records or stipulates as to the information contained therein. Fees and mileage for witnesses are the same as in the courts of the United States.

Section 505 (d) provides for nondisclosure of information deemed confidential by the President or for which confidential treatment has been requested by the person supplying the information. Criminal penalties are provided.

Section 506, enforcement: The district courts of the United States and the courts of any territories or places subject to the jurisdiction of the United States are given jurisdiction of violations of this act or regulations under it and of all civil actions or injunctions arising out of this act or any rule or regulation thereunder. Provisions for jurisdiction, process, and the subpoena of witnesses are included.

Section 507, exculpatory clause: This section provides an exemption from damage suits resulting from compliance with rules, regulations, or orders issued pursuant to this act.

Section 508, antitrust exemption: This section provides that no act or omission to act requested by the President under this act shall be construed to be within the prohibition of the antitrust laws or the Federal Trade Commission Act. It provides that copies of such requests shall be furnished to the Attorney General and that the authority granted in this section shall be delegated only to a single official of the Government, who will be required to consult with the Attorney General concerning each request.

Section 509, Administrative Procedure Act: Functions of this act are excluded from the operation of the Administrative Procedure Act except as to the requirements of section 3 thereof.

Section 510, exemption from Classification Act of 1949: This section authorizes the President to place positions and employ persons in civil-service grades 16, 17, and 18 without regard to numbers authorized by section 505 of the Classification Act of 1949.

Section 511, appropriations: This section authorizes appropriations necessary to carry out the provisions and purposes of the act and authorizes transfer of funds to any agency designated to assist in carrying out functions under the act.

Section 512, termination: This section states that this act and all authority conferred hereunder shall terminate June 30, 1952.

The text of the bill (S. 3936) introduced by Mr. MAYBANK is as follows:

A bill to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

Be it enacted, etc., That this act, divided into titles, may be cited as "The Defense Production Act of 1950."

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Title I. Priorities and allocations.
Title II. Authority to requisition.
Title III. Expansion of productive capacity and supply.
Title IV. Control of credit and commodity speculation.
Title V. General provisions.

DECLARATION OF POLICY

SEC. 2. It is the policy of the United States to oppose acts of aggression and to promote peace by insuring respect for world law and the peaceful settlement of differences among nations. To that end this Government is pledged to support collective action through the United Nations and through regional arrangements for mutual defense in conformity with the Charter of the United Nations. The United States is determined to develop and maintain whatever military and economic strength is found to be necessary to carry out this purpose. Under present circumstances, this task requires diversion of certain materials and facilities from civilian use to military and related purposes. It requires expansion of productive facilities beyond the levels needed to meet the civilian demand. In order that this diversion and expansion may proceed at once, and that the national economy may be maintained with the maximum effectiveness and the least hardship, normal civilian production and purchases must be curtailed and redirected.

It is the objective of this act to provide the President with authority to accomplish these adjustments in the operation of the economy. It is the intention of the Congress that the President shall use the powers conferred by this act to promote the national defense, by meeting, promptly and effectively, the requirements of military and other programs in support of our national security and foreign-policy objectives, and by preventing undue strains and dislocations upon wages, prices, and production or distribution of materials for civilian use.

TITLE I—PRIORITIES AND ALLOCATIONS

SEC. 101. The President is hereby authorized (1) to require that performance under contracts or orders (other than contracts of employment) which he deems necessary or appropriate to promote the national defense shall take priority over performance under any other contract or order, and, for the purpose of assuring such priority, to require acceptance and performance of such contracts or orders by any person i.e. finds to be capable of their performance, and (2) to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense: *Provided*, That this authority shall not be used to ration at the retail level consumer goods for household or personal use.

SEC. 102. Any person who willfully performs any act prohibited, or willfully fails to perform any act required, by the provisions of this title or any rule, regulation, or order thereunder, shall, upon conviction, be fined not more than \$10,000 or imprisoned for not more than 1 year, or both.

TITLE II—AUTHORITY TO REQUISITION

SEC. 201. Whenever the President determines (1) that the use of any equipment, supplies, or component parts thereof, or materials or facilities necessary for the manufacture, servicing, or operation of such equipment, supplies, or component parts, is needed for the national defense, and (2) that such need is immediate and impending and such as will not admit of delay or resort to any other source of supply, he is authorized to requisition such property or the use thereof for the defense of the United States upon the payment of just compensation for such property or the use thereof to be determined as hereinafter provided. The President shall determine the amount of the compensation to be paid for any property or the use thereof requisitioned pursuant to this title but each such determination shall be made as of the time it is requisitioned in accordance with the provision for just compensation in the fifth amendment to the Constitution of the United States. If the person entitled to receive the amount so determined by the President as just compensation is unwilling to accept the same as full and complete compensation for such property or the use thereof he shall be paid 50 percent of such amount and shall be entitled to recover from the United States, in an action brought in the Court of Claims or, where the amount involved does not exceed \$10,000, in any district court of the United States within 3 years after the date of the President's award, an additional amount which, when added to the amount so paid to him, shall be just compensation.

TITLE III—EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

SEC. 301. (a) In order to expedite production and deliveries under Government contracts, the President may authorize, subject to such regulations as he may prescribe, the Department of the Army, the Department of the Navy, the Department of the Air Force, the Department of Commerce, and such other agencies of the United States engaged in procurement as he may designate (hereinafter referred to as "guaranteeing agencies"), without regard to provisions of law relating to the making, performance, amendment, or modification of contracts, to guarantee in whole or in part any public or private financing institution (including any Federal Reserve bank), by commitment to purchase, agreement to share losses, or otherwise, against loss of principal or interest on any loan, discount or advance, or on any commitment in connection therewith, which may be made by such financing institution for the purpose of financing any contractor, subcontractor, or other person in connection with the performance, or in connection with or in contemplation of the termination, of any contract or other operation deemed by the guaranteeing agency to be related to efforts or undertakings on the part of the United States or any agency thereof which are designed to meet the necessities of the national defense.

(b) Any Federal agency or any Federal Reserve bank when designated by the President, is hereby authorized to act, on behalf of any guaranteeing agency, as fiscal agent of the United States in the making of such contracts of guarantee and in otherwise carrying out the purposes of this section. All such funds as may be necessary to enable any such fiscal agent to carry out any guarantee made by it on behalf of any guaranteeing agency shall be supplied and disbursed by or under authority from such guaranteeing agency. No such fiscal agent shall have any responsibility or accountability except as agent in taking any action pursuant to or under authority of the provisions of this section. Each such fiscal agent shall be reimbursed by each guaranteeing agency for all expenses and losses

incurred by such fiscal agent in acting as agent on behalf of such guaranteeing agency, including among such expenses, notwithstanding any other provision of law, attorneys' fees, and expenses of litigation.

(c) All actions and operations of such fiscal agents, under authority of or pursuant to this section shall be subject to the supervision of the President and to such regulations as he may prescribe; and the President is authorized to prescribe, either specifically or by maximum limits or otherwise, rates of interest, guarantee and commitment fees, and other charges which may be made in connection with loans, discounts, advances, or commitments guaranteed by the guaranteeing agencies through such fiscal agents, and to prescribe regulations governing the forms and procedures (which shall be uniform to the extent practicable) to be utilized in connection with such guarantees.

(d) Each guaranteeing agency is hereby authorized to use for the purposes of this section any funds which have heretofore been appropriated or allocated or which hereafter may be appropriated or allocated to it, or which are or may become available to it, for such purposes or for the purpose of meeting the necessities of the national defense.

SEC. 302. To assist in carrying out the objectives of this act, the President may make provision for loans (including participations in, or guaranties of, loans) to private business enterprises for the expansion of capacity, the development of technological processes, or the production of essential materials. Such loans may be made without regard to the limitations of existing law and on such terms and conditions as the President deems necessary, except that financial assistance may be extended only to the extent that it is not otherwise available on reasonable terms.

SEC. 303. (a) To assist in carrying out the objectives of this act, the President may make provision for purchases of or commitments to purchase metals, minerals and other raw materials, including liquid fuels, for Government use or for resale.

(b) Purchases and commitments to purchase and sales under subsection (a) may be made without regard to the limitations of existing law, for such quantities, and on such terms and conditions, including advance payments, and for such periods, as the President deems necessary, except that purchases or commitments to purchase involving higher than currently prevailing market prices or anticipated loss on resale shall not be made unless it is determined that supply of the materials could not be effectively increased at lower prices or on terms more favorable to the Government, or that such purchases are necessary to assure the availability to the United States of overseas supplies.

(c) The procurement power granted to the President by this section shall include the power to transport and store, and have processed and refined any materials procured under this section.

SEC. 304. (a) For the purposes of sections 302 and 303, the President is hereby authorized to utilize the Reconstruction Finance Corporation and such other departments, agencies, officials or corporations of the Government as he may deem appropriate, or to create new corporations.

(b) Any corporation created under this section:

(1) shall have the power to sue and be sued; to acquire, hold, and dispose of property; to use its revenues; to determine the character of and necessity for its obligations and expenditures and the manner in which they shall be incurred, allowed, paid, and accounted for subject to laws specifically applicable to Government corporations, and to exercise such other powers as may be

necessary or appropriate to carry out the purposes of such corporation;

(2) shall have its powers set out in a charter, which shall be published in the Federal Register, and all amendments to which shall be similarly published;

(3) shall not have succession beyond June 30, 1952, except for purposes of liquidation, unless its life is extended beyond such date pursuant to the act of Congress; and

(4) shall be subject to the Government Corporation Control Act to the same extent as wholly owned Government corporations listed in section 101 of said act.

(c) Any corporation established or utilized pursuant to this section is authorized to borrow from the Treasury of the United States, for any of the purposes of the corporation, such sums of money as may be necessary to carry out its functions under this title: *Provided*, That the total amount borrowed under the provisions of this section by all such corporations shall not exceed an aggregate of \$2,000,000,000 outstanding at any one time. For the purpose of borrowing as authorized by this paragraph, any corporation established pursuant to this section may issue to the Secretary of the Treasury its notes, debentures, bonds, or other obligations to be redeemable at the option of the corporation before maturity in such manner as may be stipulated in such obligations. Such obligations may mature subsequent to the period of succession of the corporation. Such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligations of the corporation. The Secretary of the Treasury is authorized and directed to purchase any obligations of any such corporation to be issued hereunder and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any purchases of the obligations of any corporation hereunder.

TITLE IV—CONTROL OF CREDIT

Subtitle A—Consumer and real-estate credit

SEC. 401. (a) To assist in carrying out the purposes of this act, the President is authorized from time to time to prescribe regulations with respect to such kind or kinds of consumer and real-estate credit as, in his judgment, it is necessary to regulate in order to prevent or reduce excessive or untimely use of or fluctuations in such credit. Such regulations may, among other things, prescribe maximum loan or credit values, minimum down payments in cash or property, trade-in or exchange values, maximum maturities, maximum amounts of credit, rules regarding the amount, form, and time of various payments, rules against any credit in specified circumstances, rules regarding consolidations, renewals, revisions, transfers, or assignments of credit, and rules regarding other similar or related matters. Such regulations may classify persons and transactions and may apply different requirements thereto, and may include such administrative provisions as in the judgment of the President are reasonably necessary in order to effectuate the purposes of this subtitle or to prevent evasions thereof.

In prescribing and suspending such regulations, including changes from time to time to take account of changing conditions, the President shall consider among other factors, (1) the level and trend of consumer and real-estate credit and the various kinds thereof, (2) the effect of the use of such credit upon (i) purchasing power and (ii)

demand for real property and improvements thereon and for other goods and services, and (3) the need in the national economy for the maintenance of sound credit conditions.

(b) No person shall extend or maintain any credit, or renew, revise, consolidate, refinance, purchase, sell, discount, or lend or borrow on, any obligation arising out of any credit, or arrange for any of the foregoing, in contravention of any regulation prescribed by the President pursuant to this section. Any person who extends or maintains any credit, or renews, revises, consolidates, refinances, purchases, sells, discounts, or lends or borrows on, any obligation arising out of any credit, or arranges for any of the foregoing, shall make, keep, and preserve for such periods, such accounts, correspondence, memoranda, papers, books, and other records, and make such reports, under oath or otherwise, as the President may by regulation require as necessary or appropriate in order to effectuate the purposes of this subtitle; and such accounts, correspondence, memoranda, papers, books, and other records shall be subject at any time or from time to time to such reasonable periodic, special, or other examinations by examiners or other representatives of the President as the President may deem necessary or appropriate. The requirements of this section apply whether a person is acting as principal, agent, broker, vendor, or otherwise.

(c) Any person who willfully violates any provision of this subtitle or any regulation or order thereunder, upon conviction thereof, shall be fined not more than \$5,000, or imprisoned not more than 1 year, or both.

(d) To assist in carrying out the purposes of this subtitle, the President by regulation may require transactions or persons or classes thereof subject to this subtitle to be registered or licensed; and, after notice and opportunity for hearing, the President by order may suspend any such registration or license for violation of this subtitle or any regulation prescribed by the President pursuant to this subtitle. The provisions of section 25 of the Securities Exchange Act of 1934, as amended, shall apply in the case of any such order of the President in the same manner that such provisions apply in the case of orders of the Securities and Exchange Commission under that act. In carrying out this subtitle, the President may act through and may utilize the services of the Board of Governors of the Federal Reserve System, the Federal Reserve banks and any other agencies, Federal or State, which are available and appropriate.

(e) For the purposes of this subtitle, unless the context otherwise requires, the following terms shall have the following meanings, but the President may in his regulations further define such terms and, in addition, may define technical, trade, and accounting terms, insofar as any such definitions are not inconsistent with the provisions of this subtitle:

(1) "Consumer credit" means credit which the obligor undertakes to pay in two or more payments, or any other credit: *Provided*, That it shall not include (i) any credit to finance or refinance the construction or purchase of an entire residential or non-residential building, (ii) any credit extended to a business enterprise solely to finance the purchase of goods for resale, or (iii) any other credit extended to a business or agricultural enterprise for any business or agricultural purpose unless the credit is secured by or is for the purpose of purchasing or carrying any durable or semidurable goods which are used or usable for personal, family, or household purposes, or any accessory insurance service connected with any such good or any interest therein.

(2) "Real estate credit" means credit secured, either wholly or partly, by real property (including leasehold and other interests therein); credit for the purpose of pur-

chasing or carrying such property or constructing buildings or otherwise improving such property; and credit involving a right to acquire or use such property.

(3) "Credit" means any loan, advance, or discount; any conditional sale contract; any contract to sell or sale or contract of sale, of property or services, either for present or subsequent delivery, under which part or all of the price is payable subsequent to the making of such sale or contract; any rental-purchase contract, or any contract for the bailment, leasing or other use of property under which the bailee, lessee, or user has the option of becoming the owner thereof, obligates himself to pay as compensation a sum substantially equivalent to or in excess of the value thereof, or has the right to have all or part of the payments required by such contract applied to the purchase price of such property or similar property; any option, demand, lien, pledge or similar claim against, or for the delivery of property or money; any purchase, discount, or other acquisition of, or any credit under the security of, any obligation or claim arising out of any of the foregoing; and any transaction or series of transactions having a similar purpose or effect.

(4) "Person," in addition to the definition given it by section 502 (a) of this act, includes the United States, any State or subdivision thereof, and any agency or instrumentality of one or more such authorities, except that the criminal penalties of this subtitle shall not be applicable to the United States, any State, or other governmental agency or instrumentality.

Sec. 402. To assist in carrying out the objectives of this act, the President may, at any time or times, notwithstanding any other provision of law, reduce, for such period as he shall specify, the maximum authorized principal amounts, ratios of loan to value or cost, or maximum maturities of any type or types of loans on real estate which thereafter may be made, insured, or guaranteed by any department, independent establishment, or agency in the executive branch of the United States, or by any wholly owned Government corporation or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended, or reduce or suspend any such authorized loan program, upon a determination, after taking into consideration the effect thereof upon conditions in the building industry and upon the national economy and the needs for increased defense production, that such action is necessary in the public interest: *Provided*, That in the exercise of these powers, the President shall give consideration to the preservation of such relative credit preferences as are accorded to veterans of World War II under existing law.

Sec. 403. The first sentence of section 5A of the Federal Home Loan Bank Act, as amended by section 1 of the act of June 27, 1950 (Public Law 576, 81st Cong.), is amended to read as follows: "No member of a Federal home loan bank shall make or purchase any loan at any time when its cash and obligations of the United States are not equal to such amount as the Home Loan Bank Board shall by regulations prescribe: *Provided*, That such amount shall not be less than 4 percent or more than 20 percent of the obligation of the member or withdrawal accounts or, in the case of any member insurance company, such other base as the Board may determine to be comparable."; and the last sentence of said section 5A is amended to read as follows: "This section shall be effective upon the enactment of the Defense Production Act of 1950."

Subtitle B—Commodity speculation

Sec. 411. The Commodity Exchange Act, as amended (42 Stat. 998; 49 Stat. 1491; 52 Stat. 205; 54 Stat. 1059), is further amended by

inserting at the end of section 4a the following:

"(5) (A) Whenever the President determines that the nature or extent of speculative trading on boards of trade causes or threatens to cause sudden or unreasonable fluctuations or unwarranted changes in the price of any commodity, he may prescribe rules and regulations governing the margin to be required with respect to the purchase or sale of any such commodity for future delivery, or the maintenance of a position resulting from such purchase or sale, on or subject to the rules of any board of trade, whether or not designated as a contract market under section 5 of this act.

"(B) It shall be unlawful for any person to buy or sell, or accept orders for the purchase or sale of any such commodity for future delivery, subject to the rules of any board of trade, or maintain or carry a position resulting from such purchase or sale, unless margin funds or securities are deposited and maintained in compliance with the rules and regulations promulgated under this paragraph (5). No floor broker shall be deemed to have violated this paragraph (5) with respect to any transaction in connection with which he has acted solely in the capacity of floor broker.

"(C) All money, securities, or property deposited as margin shall be handled by the person receiving such margin in compliance with the requirements of section 4d (2), regardless of whether such person is a futures commission merchant as defined in this act and, for the purpose of this provision, the term 'contract market,' as used in section 4d (2), shall be deemed to mean board of trade.

"(D) It shall be unlawful for any person to engage in soliciting or accepting orders for the purchase or sale of any commodity for future delivery on any board of trade, whether or not such board of trade is designated as a contract market, unless such person shall keep a record in writing showing the date, the parties to such contracts and their addresses, the commodity covered and its price, the terms of delivery, and the amount and kind of margin deposited. Such record shall be kept for a period of 3 years from the date of the transaction and shall at all times be open to the inspection of any representative of any agency of the United States designated for the purpose by the President.

"(E) For the purposes of subparagraph (5) the term 'commodity' shall mean, in addition to those commodities specifically mentioned in section 2 (a) of this act, any other agricultural or forest product or by-product.

"(F) For the efficient execution of the provisions of this paragraph (5), the provisions of section 21 of the Securities Exchange Act of 1934 (48 Stat. 899), as amended, are made applicable to the jurisdiction, powers, and duties of the President in administering and enforcing the provisions of this paragraph (5) and to any person subject thereto.

"(G) Section 4a and 4i of the act are extended and made applicable to any commodity as defined in (E) above, and for the purposes of this subparagraph (5) the term 'contract market' as used in sections 4a and 4i shall be deemed to mean Board of Trade."

Sec. 412. Section 407 of the Agricultural Act of 1949 (Public Law 439, 81st Cong.) is hereby amended by adding the following sentence at the end thereof: "Notwithstanding any other provision of this section, whenever the President so directs, sales of any commodity owned or controlled by the Commodity Credit Corporation may be made at the current support price for such commodity, when such support price is not below the market price, for the purpose of stabilizing the market, including the discouragement and prevention of undue speculation,

fluctuation, and enhancement in price, and for the purpose of meeting unusual demand."

TITLE V—GENERAL PROVISIONS

SEC. 501. (a) It is the sense of the Congress that small business enterprises be encouraged to make the greatest possible contribution toward achieving the objectives of this act.

(b) In order to carry out this policy—

(i) the President shall provide small business enterprises with full information concerning the provisions of this act relating to, or of benefit to, such enterprises and concerning the activities of the various departments and agencies under this act;

(ii) in the formation of any business advisory committees under this act, consideration shall be given to providing fair representation for small, medium, and large business enterprises, for different geographical areas, for trade association members and nonmembers, and for different segments of the industry;

(iii) in administering this act, such exemptions shall be provided for small-business enterprises as may be feasible without impeding the accomplishment of the objectives of this act; and

(iv) in administering this act, special provision shall be made for the expeditious handling of all requests, applications, or appeals from small-business enterprises.

SEC. 502. As used in this act:

(a) The word "person" shall include individuals, firms, corporations, associations, partnerships, and any organized groups of persons whether or not incorporated.

(b) The word "materials" shall include raw materials, articles, commodities, products, supplies, components, technical information, and processes.

SEC. 503. The President may delegate any power or authority conferred upon him by this act to any officer or agency of the Government and may authorize such redelegations by that officer or agency as the President may deem appropriate. Any officer or agency may employ civilian personnel for duty in the United States, including the District of Columbia, or elsewhere, without regard to section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219), as the President deems necessary to carry out the provisions of this act.

SEC. 504. The President may make such rules, regulations, and orders as he deems necessary or appropriate to carry out the provisions of this act. Any regulation or order under this act may contain such classifications and differentiations and may provide for such adjustments and reasonable exceptions as in the judgment of the President are necessary or proper in order to effectuate the purposes of this act.

SEC. 505. (a) The President shall be entitled, by regulation, subpoena, or otherwise, to obtain such information from, require such reports and the keeping of such records by, make such inspection of the books, records, and other writings, premises or property of, and take the sworn testimony of, any person as may be necessary or appropriate, in his discretion, to the enforcement of the administration of this act and the regulations or orders issued thereunder. The President shall issue regulations insuring that the authority of this subsection will be utilized only after the scope and purpose of the investigation, inspection, or inquiry to be made have been defined by competent authority.

(b) No person shall be excused from attending and testifying or from producing books, papers, documents, and other evidence in obedience to a subpoena before any grand jury or in any court proceeding based upon or growing out of any alleged violation of this act on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to penalty or forfeiture; but

no natural person shall be prosecuted or subjected to any penalty or forfeiture, for or on account of any transaction, matter, or thing concerning which he is so compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such natural person so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying: *Provided*, That the immunity granted herein from prosecution and punishment and from any penalty or forfeiture shall not be construed to vest in any individual any right to priorities assistance, to the allocation of materials, or to any other benefit which is within the power of the President to grant under any provision of this act.

(c) The production of a person's books, records, or other documentary evidence shall not be required at any place other than the place where such person usually keeps them, if, prior to the return date specified in the regulations, subpoena, or other document issued with respect thereto, such person furnishes the President with a true copy of such books, records, or other documentary evidence (certified by such person under oath to be a true and correct copy) or enters into a stipulation with the President as to the information contained in such books, records, or other documentary evidence. Witnesses shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

(d) Information obtained under this section which the President deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information shall not be published or disclosed unless the President determines that the withholding thereof is contrary to the interest of the national defense, and any person willfully violating this provision shall, upon conviction, be fined not more than \$10,000 or imprisoned for not more than 1 year, or both.

SEC. 506. The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this act or any rule, regulation, order, or subpoena thereunder, and of all civil actions under this act to enforce any liability or duty created by, or to enjoin any violation of, this act or any rule, regulation, order, or subpoena thereunder. Any criminal proceeding on account of any such violation may be brought in any district in which any act, failure to act, or transaction constituting the violation occurred. Any such civil action may be brought in any such district or in the district in which the defendant resides or transacts business. Process in such cases, criminal or civil, may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found; the subpoena for witnesses who are required to attend a court in any district in such case may run into any other district. The termination of the authority granted in any title or section of this act, or of any rule, regulation, or order issued thereunder, shall not operate to defeat any suit, action, or prosecution, whether theretofore or thereafter commenced, with respect to any right, liability or offense incurred or committed prior to the termination date of such title or of such rule, regulation, or order. No costs shall be assessed against the United States in any proceeding under this act.

SEC. 507. No person shall be held liable for damages or penalties for any act or failure to act resulting directly or indirectly from his compliance with a rule, regulation, or order issued pursuant to title II of this act, notwithstanding that any such rule, regulation, or order shall thereafter be declared by judicial or other competent authority to be invalid. No person shall dis-

criminate against orders or contracts to which priority is assigned or for which materials or facilities are allocated under title II of this act or under any rule, regulation, or order issued thereunder, by charging higher prices or by imposing different terms and conditions for such orders or contracts than for other generally comparable orders or contracts, or in any other manner.

SEC. 508. (a) No act or omission to act requested by the President, and found by him to be in the public interest as contributing to the national defense, shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

(b) The authority granted in subsection (a) shall not be delegated except to a single official of the Government and then only upon the condition that such official consult with the Attorney General not less than 10 days before making any request or finding thereunder.

(c) Upon withdrawal of any request or finding made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or request.

SEC. 509. The functions exercised under this act shall be excluded from the operation of the Administrative Procedure Act (60 Stat. 237) except as to the requirements of section 3 thereof.

SEC. 510. The President, to the extent he deems it necessary and appropriate in order to carry out the provisions of this act, is authorized to place positions and employ persons in grades 16, 17 and 18 of the general schedule established by the Classification Act of 1949, and such positions shall be additional to the number authorized by section 505 of that act.

SEC. 511. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this act by the President and such agencies as he may designate or create. Funds made available for the purposes of this act may be allocated or transferred for any of the purposes of this act, with the approval of the Bureau of the Budget, to any agency designated to assist in carrying out this act. Funds so allocated or transferred shall remain available for such period as may be specified in the acts making such funds available.

SEC. 512. This act and all authority conferred hereunder shall terminate June 30, 1952, or until such earlier time as the Congress by concurrent resolution or the President may designate.

The statement prepared by Mr. MAYBANK is as follows:

I have introduced, by request, a bill entitled "The Defense Production Act of 1950." This is the administration's draft of proposed legislation which is intended to carry out the requests and recommendations contained in the President's message to the Congress.

Hearings on the proposed legislation will be held by the Banking and Currency Committee beginning at 10:30 a. m. on Monday, July 24. The first witness will be Hon. Stuart W. Symington, Chairman of the National Security Resources Board. The Chairman's testimony will be followed on Tuesday by that of General Bradley and Secretary of Commerce Charles Sawyer.

It is my desire, as chairman of the committee which will hold the hearings, to bring

to light such information as is available in order that the American people may be sufficiently informed as to the need for whatever legislation may be finally enacted.

As an individual Senator, it will not be my purpose to approve of any broad and unrestricted authority which might return our people to any system of rationing and price controls until such a move is absolutely necessary beyond any shadow of a doubt.

It is my hope that the manufacturers, wholesalers, and retailers of the Nation will not take advantage of the present crisis through unscrupulous and unwarranted increases in their prices.

I also urge the American people to proceed in an intelligent manner in their daily purchases of commodities and manufactured products. Such scare buying and hoarding of these items as are being reported to me daily will leave the Congress no choice other than to impose compulsory rationing and price controls.

The proposed bill has been examined most carefully with regard to committee jurisdiction. It has been clearly determined that, with the exception of the amendments to the Commodity Credit Act and the Agriculture Adjustment Act, the proposed legislation is clearly within the jurisdiction of the Banking and Currency Committee. I have announced that I shall confer with the Senate Agriculture Committee before any final action is taken on the proposals which fall within the scope of that committee's jurisdiction. These actions have been taken, and arrangements for hearings have been discussed with, and fully concurred in, by Senator TOBEY, the ranking minority member of the Banking and Currency Committee.

The hearings before the Banking and Currency Committee will be complete. I sincerely trust that the American people will carefully follow these hearings in order that they may be wholly informed of such needs as those which we presently face in this national crisis.

During this time of suspense and expectation I am confident that our people will give their fullest support and cooperation to the boys who are fighting and dying in their all-out effort to preserve the liberties of free people. The efforts of our fighting men can be no better than the support they get from behind the lines. Here in this country we are far behind the lines today. Were it not for the skill and bravery of our servicemen and a mounting flow of equipment and matériel from our production lines, our main streets might well be the front lines of tomorrow.

The President's message which was delivered to the Congress today gave full notice of the gravity of the present crisis. It was an excellent report to the Congress, and I commend his review which he will transmit to the American people in person tonight.

The primary obligation of the American civilian is to contribute to the welfare of the American soldier.

Mr. MAYBANK. Mr. President, I wish to state that I had called a meeting of the members of the Committee on Banking and Currency for Thursday and Friday to hear Secretary Sawyer and others discuss the current price and production situation. Inasmuch, however, as the bill I have just introduced will be before the committee and is of paramount interest, I have decided, after conferring with the executive branch of the Government, to begin the hearing on the production bill of 1950 on Monday, July 24, with the Chairman of the National Security Resources Board, W. Stuart Symington, General Bradley, and Secretary Sawyer present.

EXTENSION OF ENLISTMENTS IN THE ARMED FORCES

Mr. TYDINGS. Mr. President, will the Senator from Arizona yield?

The VICE PRESIDENT. If the Senator from Maryland wishes to be recognized, the Chair will recognize him.

Mr. TYDINGS. I thought the Senator from Arizona had the floor.

The VICE PRESIDENT. The Chair did not so understand. The Chair has not recognized the Senator from Arizona.

Mr. TYDINGS. I ask for recognition.

The VICE PRESIDENT. The Chair will recognize the Senator from Arizona, but at this time recognizes the Senator from Maryland.

Mr. TYDINGS. Mr. President, I ask unanimous consent that I may introduce a bill to authorize the President to extend enlistments in the Armed Forces of the United States.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the bill will be received and appropriately referred.

The bill (S. 3937) to authorize the President to extend enlistments in the Armed Forces of the United States, introduced by Mr. TYDINGS, was read twice by its title and referred to the Committee on Armed Services.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, announced that the House had passed the bill (S. 1027) for the relief of the Merit Co., with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to the concurrent resolution (S. Con. Res. 95) favoring the suspension of deportation of certain aliens, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills and joint resolution, in which it requested the concurrence of the Senate:

H. R. 6223. An act to record the lawful admission to the United States for permanent residence of James Ermini;

H. R. 6386. An act for the relief of Amos Chen, a native of Jamaica, British West Indies;

H. R. 6697. An act authorizing the issuance of a patent in fee to Howard H. Moran;

H. R. 6746. An act for the relief of Helena Jange Chinn;

H. R. 6832. An act for the relief of Choko Nishida;

H. R. 6958. An act authorizing the Secretary of the Interior to issue a patent in fee to Francis Lee Edwards;

H. R. 7017. An act authorizing the Secretary of the Interior to issue a patent in fee to Edgar S. Bigman;

H. R. 7370. An act for the relief of Kiyoko S. Barr and Harue Barr;

H. R. 7563. An act for the relief of Dr. Nicola Di Palma;

H. R. 7919. An act for the relief of Mrs. Yukiko Yoshii French and her son;

H. R. 8093. An act for the relief of Regolo Gagliacco and his wife, Gina;

H. R. 8383. An act for the relief of Mrs. Gerald Goodwin;

H. R. 8473. An act for the relief of Kimiko Tomita;

H. R. 8558. An act for the relief of Kimiko Yamaguchi;

H. R. 8684. An act for the relief of Mrs. Yumiko Kawai Misanin and her daughter, Maria Mari Misanin;

H. R. 8740. An act for the relief of Erika Kuhn;

H. R. 8742. An act for the relief of Mrs. Tokiko Amano Roloson;

H. R. 8780. An act for the relief of Lelia M. Dodd;

H. R. 8826. An act for the relief of Yaeko Nakajima;

H. R. 8918. An act for the relief of Mary Rynik Baran;

H. R. 8973. An act for the relief of Archibald Walter Campbell Seymour; and

H. J. Res. 487. Joint resolution to confirm title in fee simple in Joshua Britton to certain lands in Jefferson County, Ill.

LAWS ENACTED BY LEGISLATURE OF PUERTO RICO

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Interior, transmitting, pursuant to law, a copy of the laws enacted by the second special session, second regular session, and fourth special session of the Seventeenth Legislature of Puerto Rico, and reorganization plans, which, with the accompanying volume, was referred to the Committee on Interior and Insular Affairs.

PETITION

The VICE PRESIDENT laid before the Senate a telegram in the nature of a petition, signed by John F. Kelleher, and sundry other members of the postal transportation service employed in the Boston, Mass., terminal, praying for the enactment of House bill 87, relating to the promotions of veterans of World War II in the field service of the Post Office Department, which was ordered to lie on the table.

STATEHOOD FOR ALASKA AND HAWAII—RESOLUTION OF MERRILL (WIS.) CHAMBER OF COMMERCE

Mr. WILEY. Mr. President, I present for appropriate reference and ask unanimous consent to have printed in the RECORD the text of a resolution which I have received from Joe P. Mulvihill, executive secretary of the Merrill, Wis., Chamber of Commerce, on the subject of the statehood bills for Hawaii and Alaska.

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

THE MERRILL CHAMBER OF COMMERCE,
Merrill, Wis., July 11, 1950.

HON. ALEXANDER WILEY,
United States Senate,
Washington, D. C.

DEAR SENATOR WILEY:

Whereas certain world conditions have focused attention on the boundaries of our country; and

Whereas situations have arisen that provoke immediate concern; Be it

Resolved, That the Merrill Chamber of Commerce hereby expresses a unified consensus of approval of the passage of the House-approved Alaskan and Hawaiian statehood measure; be it further

Resolved, That you have the continued confidence of our organization.

JOE P. MULVIHILL,
Executive Secretary.

STATEHOOD FOR HAWAII—RESOLUTION OF CONSTITUTIONAL CONVENTION OF HAWAII OF 1950, AND EDITORIAL

Mr. O'MAHONEY. Mr. President, I have received from the Secretary of the

Constitutional Convention of the Territory of Hawaii a resolution adopted by that convention urging the enactment of H. R. 49, the statehood bill. I ask unanimous consent that the resolution be appropriately referred, and printed in the body of the RECORD together with an editorial from the Washington Post of this morning entitled "Statehood Now."

There being no objection, the resolution was ordered to lie on the table, and, with the editorial, to be printed in the RECORD, as follows:

The resolution is as follows:

Whereas H. R. 49, of the Eighty-first Congress of the United States, entitled "An act to enable the people of Hawaii to form a constitution and State government and to be admitted into the Union on an equal footing with the original States," has passed the House of Representatives; and

Whereas said bill has been favorably reported by the Senate Committee on Interior and Insular Affairs and is now on the Senate Calendar; and

Whereas favorable action by the House and by the Senate committee demonstrates that both of these bodies deem that Hawaii has met the requisite qualifications for statehood; and

Whereas the people of Hawaii have shown by every possible means their ardent desire to become a State, and to help achieve that goal have elected this constitutional convention; and

Whereas this constitutional convention has completed its work of drafting a constitution for the State of Hawaii, meeting the appropriate requirements of H. R. 49: Now, therefore, be it

Resolved by the Constitutional Convention of Hawaii of 1950, That the Senate of the United States be urgently requested to take up the question of statehood for Hawaii before adjournment of the present session of Congress and to act favorably on H. R. 49; and be it further

Resolved, That certified copies of this resolution be sent to the President of the United States; the President of the Senate; Senator SCOTT W. LUCAS, majority leader of the Senate; Senator JOSEPH C. O'MAHONEY, chairman of the Committee on Interior and Insular Affairs; Senator ROBERT A. TAFT; Senator KENNETH S. WHERRY, minority leader of the Senate; the Secretary of the Interior; and to Delegate JOSEPH R. FARRINGTON.

The editorial is as follows:

[From the Washington (D. C.) Post of July 19, 1950]

STATEHOOD NOW

If there was ever a time when the United States needed to set an example to the world of its treatment of dependent areas under its control, this is it. The Korean conflict, far from lessening the importance of statehood for Hawaii and Alaska, actually increases it. This voluntary step would have great psychological effect in anticolonial countries such as India and Indonesia. And, as Defense Secretary Johnson has stated, strong elected local governments in Hawaii and Alaska would be important in the case of attack. "Statehood for Alaska and Hawaii," he writes, "would undoubtedly give a considerable added measure of strength to the over-all defense of both areas in event of an emergency."

Fortunately the statehood bills, both of which have passed the House, are high on the administration's agenda and there is good prospect that they will be brought up in the Senate shortly. For this Alaska and Hawaii have cause to be grateful to Senator O'MAHONEY and the Senate Interior and Insular Affairs Committee which he heads. The committee has issued thorough and convincing reports on both bills which

effectively dispose of the arguments against statehood. Both Territories, the reports show, are steeped in the traditions of Americanism and self-government, have voted for statehood, and are financially able to assume the responsibilities of membership in the Union.

In the case of Hawaii, the report debunks the charge of communism, citing repeated investigations and figures showing that there never have been more than 160 Communists in the islands; Communist influence has waned through alertness on the part of the people. The argument of non-contiguity, which applies to Alaska, too, is answered by the fact that both Territories are far closer in terms of air time today than many present States were even 50 years ago. As to the effect of the large non-Caucasian population of Hawaii, the report has merely to cite the magnificent combat record of Hawaiian units in World War II.

Alaska's population has usually been her most vulnerable point. However, this today is estimated at 135,000—nearly the same as Nevada's—and is increasing rapidly. The report emphasizes that full economic development and realization of Alaska's tremendous potential are not possible without statehood. Under the bill Alaska would derive much more benefit from her own rich resources. The eyes, not only of these Territories, but also a large part of the world, will be on the Senate. It ought not to hesitate in strengthening the Union with these Pacific bastions of Americanism.

IMPORT TARIFF ON DAIRY PRODUCTS— RESOLUTION OF PINE ROCK GRANGE, NO. 775, PINE CITY, MINN.

Mr. HUMPHREY. Mr. President, I present for appropriate reference and ask unanimous consent to have printed in the RECORD a resolution adopted by the Pine Rock Grange, No. 775 of Pine City, Minn., expressing their opposition to the lowering of the import tariff on dairy products.

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

Whereas there is to be an International Trade Conference, to be held in Torquay, England, in September of this year, at which 10 delegates from 17 countries will meet to discuss reducing reciprocal tariff rates; and

Whereas the price of dairy products has already been reduced about 30 percent in the last 2 years and

Whereas the tax on oleomargarine has been removed; and

Whereas, already, many foreign countries, because of the high value of the American dollar, are shipping all their dairy products to this country; and

Whereas the same countries which are flooding our markets with their dairy products, are for their own domestic use, importing oleomargarine from the southern countries;

Therefore we, the members of the Pine Rock Grange, ask you to contact the delegates, who will represent the United States at this meeting, and urge them to oppose the lowering of tariffs on dairy products shipped to this country.

MILTON HAUG,

Master.

MRS. ADDIE LUNDIN,

Secretary.

AMENDMENT OF RAILWAY LABOR ACT— RESOLUTION OF CARVER CAVE LODGE, NO. 4, BROTHERHOOD OF RAILWAY CARMEN, ST. PAUL, MINN.

Mr. HUMPHREY. Mr. President, I present for appropriate reference and

ask unanimous consent to have printed in the RECORD a resolution unanimously adopted by Carver Cave Lodge, No. 4, of the Brotherhood of Railway Carmen, St. Paul, Minn., in support of S. 3295, a bill of which I am a cosponsor, providing for a union shop under the terms of the Railway Labor Act.

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

CARVER CAVE LODGE, NO. 4,
BROTHERHOOD RAILWAY CARMEN
OF AMERICA,

St. Paul, Minn., July 5, 1950.

The Honorable H. HUMPHREY,
United States Senate,

Washington, D. C.

DEAR SENATOR: At our last regular meeting the following resolution was unanimously adopted:

"Whereas all pay increases in the past 30 years that the railroad worker has received, has been gotten for him by his union; and

"Whereas the retirement plan now enjoyed by thousands of railroad men, was put into law through the insistence of the railroad unions; and

"Whereas the working conditions on the railroads were improved through the unions; and

"Whereas we have men who do not belong or contribute one cent for all the above benefits to any union; and

"Whereas these men work side by side with the union men, who through union dues have gained all these improvements; and

"Whereas we have 100 percent union membership on the Milwaukee Railroad at St. Paul: Therefore, be it

Resolved, That we unanimously endorse the union-shop bill, which is now before Congress; and therefore, be it further

Resolved, That a copy of this resolution be sent to our Senators urging their support of Senate bill 3265."

Trusting you will give your favorable attention to this resolution, and with best wishes, I am,

WALTER F. MEIHOFFER,
Recording Secretary.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. O'MAHONEY, from the Committee on Interior and Insular Affairs:

S. 3832. A bill to approve a contract negotiated with the Ogden River Water Users' Association, to authorize its execution, and for other purposes; with an amendment (Rept. No. 2103); and

S. 3833. A bill to approve a contract negotiated with the South Cache Water Users' Association, to authorize its execution, and for other purposes; with an amendment (Rept. No. 2104).

By Mr. LEHMAN, from the Committee on Interior and Insular Affairs:

H. R. 4942. A bill to regulate the collection and disbursement of moneys realized from leases made by the Seneca Nation of Indians of New York, and for other purposes; with amendments (Rept. No. 2105).

By Mr. FREAR, from the Committee on the District of Columbia:

S. 3659. A bill to amend title IV of the District of Columbia Revenue Act of 1937, as amended, so as to provide for the issuance of dealers' identification tags for use on trailers, to provide for the revocation and suspension of dealers' registration and identification tags, to change the fee for dealers' identification tags, to provide for the issuance of temporary identification tags, and for other purposes; with amendments (Rept. No. 2106).

By Mr. LANGER, from the Committee on the Judiciary:

S. 2614. A bill for the relief of O. O. Haugen; with an amendment (Rept. No. 2107).

BILLS INTRODUCED

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

(Mr. MAYBANK introduced Senate bill 3936, to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, which was referred to the Committee on Banking and Currency, and appears under a separate heading.)

(Mr. TYDINGS introduced Senate bill 3937, to authorize the President to extend enlistments in the Armed Forces of the United States, which was referred to the Committee on Armed Services and appears under a separate heading.)

By Mr. HOLLAND:

S. 3938. A bill for the relief of Harriet T. Johnston; to the Committee on the Judiciary.

By Mr. TYDINGS:

S. 3939. A bill to suspend restrictions on the authorized personnel strength of the Armed Forces, and for other purposes; to the Committee on Armed Services.

By Mr. McCARRAN:

S. 3940. A bill for the relief of John E. Turri and Edward H. Turri; to the Committee on the Judiciary.

By Mr. TOBEY:

S. 3941. A bill for the relief of Robert Stokvis; to the Committee on the Judiciary.

By Mr. PEPPER:

S. 3942. A bill for the relief of Dr. F. Homburger; to the Committee on the Judiciary.

By Mr. WILEY:

S. 3943. A bill for the relief of Wang Chiyuan; to the Committee on the Judiciary.

By Mr. HUMPHREY:

S. 3944. A bill for the relief of Satoko Matsushima Hoglund; to the Committee on the Judiciary.

BIPARTISAN SENATORIAL COMMISSION ON DISLOYALTY AND SECURITY

Mr. LODGE submitted the following resolution (S. Res. 310), which was referred to the Committee on Foreign Relations:

Resolved, That (a) with a view to ascertaining the facts with respect to disloyalty on the part of employees of the Department of State and security of the Department against foreign penetration and taking appropriate action with respect thereto, there is hereby established a bipartisan senatorial commission to be known as the Commission on Disloyalty and Security (in this resolution referred to as the "Commission") to be composed of eight members appointed as follows:

(1) Two members who are Senators, one from each of the two major political parties, to be appointed by the President of the Senate;

(2) Three members from private life to be appointed by the President of the Senate upon the recommendation of the majority leader of the Senate;

(3) Three members from private life to be appointed by the President of the Senate upon the recommendation of the minority leader of the Senate.

(b) The six members of the Commission who are not Members of the Senate shall be chosen from a panel submitted by the President of the United States, comprised of

persons who as a result of training, experience, and attainments are exceptionally qualified to ascertain the facts with respect to the matters referred to in subsection (a) and to make recommendations with respect thereto.

(c) All appointees to the Commission shall be confirmed by the Senate.

(d) The persons recommended by the majority leader of the Senate shall be approved by a majority vote of the Senators of the majority conference, and the persons recommended by the minority leader of the Senate shall be approved by a majority vote of the Senators of the minority conference.

(e) Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

(f) The Commission shall elect a Chairman and a Vice Chairman from among its members.

(g) Five members of the Commission shall constitute a quorum.

SEC. 2. (a) Members of the Senate who are members of the Commission shall serve without compensation in addition to that received for their services as Senators; but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

(b) The members from private life shall each receive \$50 per diem when engaged in the performance of duties vested in the Commission, plus reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of such duties.

SEC. 3. For the purposes of this resolution, the Commission, or any duly authorized subcommittee thereof, is authorized (1) to appoint and fix the compensation of such experts, consultants, and clerical and stenographic assistants as it deems necessary and advisable, but the compensation so fixed shall not exceed the compensation prescribed under the Classification Act of 1949, for comparable duties; and (2) to hold such hearings; to sit and act at such times and places; to require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, and documents; to administer such oaths, to take such testimony; to have such printing and binding done; and to make such expenditures as it deems advisable. The cost of stenographic services in reporting hearings shall not be in excess of 25 cents per 100 words. Subpenas shall be issued under the signature of the Chairman or any member of the Commission designated by him and shall be served by any person designated by the Chairman or any such member.

SEC. 4. (a) The Commission shall study and investigate fully charges of disloyalty on the part of persons who have been or are now employed by the Department of State. All proceedings of the Commission shall be conducted in secret.

(b) Upon concluding its study and investigation, the Commission shall make a public announcement of its findings on or after December 1, 1950, and shall make a report thereon to the Senate with such recommendations as it deems advisable. Such report may be made to the Secretary of the Senate if the Senate is not in session. Upon the submission of such report the Commission shall cease to exist.

SEC. 5. The expenses of the Commission under this resolution, which shall not exceed \$—, shall be paid from the contingent fund of the Senate upon vouchers signed by the Chairman.

AMENDMENT OF HATCH ACT— AMENDMENT

Mr. TYDINGS submitted an amendment intended to be proposed by him to

the bill (S. 3873) to amend the Hatch Act, which was ordered to lie on the table and to be printed.

GENERAL APPROPRIATIONS—AMENDMENTS

Mr. SALTONSTALL (for himself and Mr. IVES) submitted amendments intended to be proposed by them, jointly, to the bill (H. R. 7786) making appropriations for the support of the Government for the fiscal year ending June 30, 1951, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. SMITH of New Jersey submitted an amendment intended to be proposed by him to the amendment intended to be proposed by Mr. BRIDGES (for himself and other Senators) to House bill 7786, supra, which was ordered to lie on the table and to be printed.

Mr. WATKINS (for himself, Mr. McCARRAN, and Mr. KERR) submitted an amendment intended to be proposed by them, jointly, to House bill 7786, supra, which was referred to the Committee on Public Works and ordered to be printed.

HOUSE BILLS AND JOINT RESOLUTION REFERRED

The following bills and joint resolutions were severally read twice by their titles, and referred, as indicated:

H. R. 6223. An act to record the lawful admission to the United States for permanent residence of James Ermini;

H. R. 6386. An act for the relief of Amos Chen, a native of Jamaica, British West Indies;

H. R. 6746. An act for the relief of Helena Jange Chinn;

H. R. 6832. An act for the relief of Choko Nishida;

H. R. 7370. An act for the relief of Kiyoko S. Barr and Harue Barr;

H. R. 7563. An act for the relief of Dr. Nicola Di Palma;

H. R. 7919. An act for the relief of Mrs. Yukiko Yoshii French and her son;

H. R. 8093. An act for the relief of Regolo Gagliacco and his wife, Gina;

H. R. 8383. An act for the relief of Mrs. Gerald Goodwin;

H. R. 8473. An act for the relief of Kimiko Tomita;

H. R. 8558. An act for the relief of Kimiko Yamaguchi;

H. R. 8684. An act for the relief of Mrs. Yumiko Kawai Misanin and her daughter, Maria Mari Misanin;

H. R. 8740. An act for the relief of Erika Kuhn;

H. R. 8742. An act for the relief of Mrs. Tokiko Amano Roloson;

H. R. 8780. An act for the relief of Leila M. Dodd;

H. R. 8826. An act for the relief of Yaeko Nakajima;

H. R. 8918. An act for the relief of Mary Rynik Baran; and

H. R. 8973. An act for the relief of Archibald Walter Campbell Seymour; to the Committee on the Judiciary.

H. R. 6697. An act authorizing the issuance of a patent in fee to Howard H. Moran; H. R. 6958. An act authorizing the Secretary of the Interior to issue a patent in fee to Francis Lee Edwards;

H. R. 7017. An act authorizing the Secretary of the Interior to issue a patent in fee to Edgar S. Bigman; and

H. J. Res. 487. Joint resolution to confirm title in fee simple in Joshua Britton to certain lands in Jefferson County, Ill.; to the Committee on Interior and Insular Affairs.

HAPPENINGS IN WASHINGTON—ADDRESS BY SENATOR MARTIN

[Mr. MARTIN asked and obtained leave to have printed in the Record a radio address entitled "Happenings in Washington," delivered by him on July 17, 1950, which appears in the Appendix.]

PROPOSED LEGISLATION INTRODUCED BY SENATOR WILEY

[Mr. WILEY asked and obtained leave to have printed in the Record a statement prepared by him as to the proposed legislation introduced by him in the Eighty-first Congress, which appears in the Appendix.]

THE GUATEMALAN CRISIS—ARTICLE FROM READER'S DIGEST

[Mr. WILEY asked and obtained leave to have printed in the Record an article by J. P. McEvoy entitled "Trouble in Our Own Back Yard," published in the Reader's Digest for August 1950, and an article from the La Crosse (Wis.) Register, which appear in the Appendix.]

THE DAIRY AND BROOM INDUSTRIES—ARTICLES FROM NEBRASKA ON THE MARCH

[Mr. BUTLER asked and obtained leave to have printed in the Record two articles published in the July issue of Nebraska On the March, one relating to the dairy industry and the other to the Deshler broom factory, which appear in the Appendix.]

VOICE OF THE WORLD—EDITORIAL FROM THE NEW YORK TIMES

[Mr. BENTON asked and obtained leave to have printed in the Record an editorial entitled "Voice of the World," published in the New York Times of July 15, 1950, which appears in the Appendix.]

ADDRESS BY MICHAEL TIERNEY IN CONFERRING DEGREE ON DR. JOSEPH E. CARRIGAN, OF VERMONT

[Mr. AIKEN asked and obtained leave to have printed in the Record the address delivered by Michael Tierney, vice chancellor of the National University of Ireland, on the occasion of conferring the degree of doctor of economic science on Dr. Joseph E. Carrigan, Administrator of ECA in Ireland, which appears in the Appendix.]

ST. LAWRENCE SEAWAY

[Mr. AIKEN asked and obtained leave to have printed in the Record an article entitled "The St. Lawrence Seaway," written by Senator Young and published in the Dakota Farmer of June 3, which appears in the Appendix.]

EFFECTS OF INFLATION ON BUSINESS—ADDRESS BY SENATOR WHERRY

[Mr. WHERRY asked and obtained leave to have printed in the Record an address by himself on inflation, broadcast July 18, 1950, which appears in the Appendix.]

WATER RESOURCES OF NEW MEXICO—ADDRESS BY SENATOR ANDERSON

[Mr. ANDERSON asked and obtained leave to have printed in the Record a radio address, dealing with the water resources of New Mexico, delivered by him on July 16, 1950, which appears in the Appendix.]

THE BRAZILIAN NAVY IN WORLD WAR II—ARTICLE BY HOMER C. VOTAW

[Mr. ANDERSON asked and obtained leave to have printed in the Record an article entitled "The Brazilian Navy in World War II," by Homer C. Votaw, which appears in the Appendix.]

GENERAL APPROPRIATIONS, 1951

The Senate resumed the consideration of the bill (H. R. 7786) making appro-

priations for the support of the Government for the fiscal year ending June 30, 1951, and for other purposes.

Mr. HAYDEN. Mr. President, I suggest that the clerk continue to read the bill for amendment.

The VICE PRESIDENT. The clerk will state the next amendment.

The next amendment was on page 246, line 5, under the heading "General investigations," to strike out "\$5,150,000" and to insert "\$6,500,000."

The VICE PRESIDENT. Without objection, the amendment is agreed to. The Senate will be in order. Those who are compelled to leave the galleries will do so quietly.

Mr. DOUGLAS rose.

The VICE PRESIDENT. Does the Senator from Illinois desire recognition on the amendment?

Mr. DOUGLAS. Yes.

Mr. MAGNUSON. Mr. President, a parliamentary inquiry. May I inquire what page of the bill we are considering?

The VICE PRESIDENT. Page 246, line 5.

Mr. DOUGLAS. Mr. President, because of the degree of noise in the Chamber, I do not believe many Senators heard the clerk when he read the committee amendment, and I wondered if we could not now proceed to the consideration of that amendment, instead of treating it as having been agreed to?

The VICE PRESIDENT. The Chair announced that without objection the amendment was agreed to. If the Senator wishes recognition on the amendment, the Chair will withdraw the announcement. The Senate will please be in order.

Mr. DOUGLAS. Mr. President, the bill as passed by the House appropriated \$5,150,000 for general investigations and planning on the part of the Bureau of Reclamation. I may point out that according to the Senate hearings, on page 541, the Bureau of Reclamation has already a substantial carry-over from previous appropriations for this purpose. This amount was stated as approximately a million dollars, although it may be that later testimony indicated that there might be some downward adjustment in that figure.

Furthermore, the Missouri Basin appropriations for the Bureau include about three and one-half millions dollars for planning, as is seen on page 149 of the Senate committee report. It is labeled "phase C." The Bureau therefore already has about a million dollars, so far as we can tell, and if the Missouri Basin appropriations are agreed to, there will be a further \$3,500,000. The Senate committee has now increased the House appropriation from \$5,150,000 to \$6,500,000, or an increase of \$1,350,000.

Mr. President, we have just heard read a message from the President of the United States asking an appropriation of \$10,000,000,000 for military purposes. This in itself would be extremely serious, but we know it will be followed, in all probability, by additional requests for appropriations. Yet here we are apparently going on with business as usual, carrying out elaborate and increasing investigations for further reclamation and power projects which we know in

our hearts, if we are to carry out the duty imposed upon us, will be postponed or not put into effect.

Mr. President, I think that as we are considering measures to adjust the civilian economy of the country to the new tasks imposed by the military situation we should gear our own actions now to accomplish the same result, and this is a pretty good place to begin. Here is where we can save \$1,350,000 to begin with.

These plans are merely the beginning. First, provision is made for planning; then come authorizations; and then come appropriations. So we are starting upstream on a series of gigantic projects to help the engineers and the Bureau of Reclamation spend not merely millions of dollars, but literally billions of dollars, on the projects they already have on the drawing boards. And they want to get the drawing boards ready for still further projects.

Mr. President, I hope very much that the Senate will reconsider its action, which was taken in great haste, and that it will sustain the House figure of \$5,150,000.

Mr. HAYDEN. Mr. President, I take it from what the Senator has just said that he believes that in the past we have made a great mistake by developing reclamation and hydroelectric projects. The Senator may remember that it was the Reclamation Service that built the Grand Coulee Dam. If we had not had the plans for it it could not have been built. The Senator knows that most of the money, when actually expended, goes into hydroelectric projects.

The Senator from Illinois will further remember that in the days of the depression we did not have any such plans, and because of the lack of plans there arose the necessity for WPA. So we spent more money on inconsequential projects, and added nothing much to the life of the Nation, simply because of the lack of information. The Budget Bureau's estimate, recommended by the President of the United States, is \$7,800,000. The committee has not allowed that much, but has cut it more than \$1,000,000. We always have difficulty with these appropriations because of misunderstandings respecting them.

First, I should like to have the Senator to know that \$500,000 of this money is not taxpayers' money at all. It comes from the money collected from the Boulder Canyon project and is expendable in that Colorado River area. The remainder of the money, all except some \$200,000, is reimbursable. That is, it is not going to be an ultimate loss to the Treasury of the United States.

I cannot understand how at any stage of the proceedings any person can determine that we should not have plans so that we may know what we are doing. Without plans we will simply be working in the dark, and all of a sudden, when the demand comes, we will have to take quick action, and, as a result, make many mistakes. My judgment is that the appropriation is a sound one and in a proper amount, and that the Senate should allow it.

Mr. DOUGLAS. Mr. President, I point out that the budget estimates were prepared in December 1949, and were submitted to the Congress on the 3d of January 1950. They are, therefore, at least 7 months behind time, and in the past 7 months many things have happened, particularly in the 3½ weeks since the North Koreans went south of the thirty-eighth parallel. What we are having now is widespread police action in South Korea, and the President has just asked for \$10,000,000,000.

I say to my colleagues that if we have to appropriate \$10,000,000,000 to drive the North Koreans back and to prepare our defenses for other points—and I am perfectly ready to do it, and the country is ready to do it—it is time that we trimmed ordinary civilian expenditures, and I submit that here is a very good place to trim.

We are already appropriating large sums for planning. Last year we appropriated, as I remember, \$100,000,000 for plans to be drawn in the event a depression should occur. We have made large authorizations in various parts of the budget for planning. According to a chart in the hearings, we already have nearly \$1,000,000 carried over from last year. Then there are the Missouri Basin planning appropriations of three and one-half million dollars. I do not propose that planning be cut out entirely. I think we ought to reduce it to a minimum in view of the national emergency.

Mr. HAYDEN. The Senator from Illinois should be consistent. He should move to cut the amount much below what the House allowed in this case.

Mr. DOUGLAS. I am perfectly willing to make such a motion.

Mr. HAYDEN. The Senator from Illinois should be consistent; he should do that all the way through the bill. I may remind him that at the beginning of the last war when I had charge of the Interior Department appropriation bill, it looked like we were going to get into war. I said I wanted the Senate to understand and the country to understand that the appropriations in that bill were all subject to review in case the money was needed elsewhere. The President did impound the money, and, if necessary, the President will do the same thing again.

Mr. DOUGLAS. Why should we depend on Executive action? Why do we not have power of independent judgment in this matter?

Mr. HAYDEN. Because we are acting today. The President can act tomorrow and the next day as the occasion requires.

Mr. DOUGLAS. We know that there is a full-scale war in South Korea. We know that we are going to spend \$10,000,000,000 at a minimum. We know, in view of that situation, that we should curtail on civilian expenditures. Here is an item for future planning for public works which in all probability will not be carried out for years, if at all.

Why is not this a chance to show the country that we want to make some savings? Why should we always make appropriations and then depend on the President to take the rap in making the cut?

Mr. HAYDEN. If it is a question of making a showing, that is one thing. If it is a question of doing a sane piece of business, to undertake proper planning, that is another thing. I insist that the appropriation should not be reduced.

Mr. MAGNUSON. Mr. President, I rise only in the hope that I can clear up for the RECORD a false impression which may have been created by the colloquy relating to planning developments, particularly for power. When anyone suggests that in any all-out war effort power is not just as important as a tank, a gun, or an airplane, he is under a misapprehension. The Senator from Arizona, the chairman of the subcommittee, pointed out that had it not been for the great power dams on the Columbia River and in the Tennessee Valley, World War II probably would have lasted many, many months longer than it did. Had it not been for the hydroelectric power projects which were begun back in the 1930's, over the opposition of many Members of Congress, who said we should not plan these things—but, nevertheless, Franklin D. Roosevelt and the administration went ahead with the work and started the construction—had it not been for the power resulting from that construction we would be 10 years behind in atomic development.

Mr. President, I hope that when we in Congress in the future or during the present emergency discuss the question of whether we shall limit, as we should, expenditures for nonessential purposes, that is production for purely domestic needs as compared with military needs, we will, in the light of experience, place the development of hydroelectric power in the category of a purely military item.

The President even today in his message, when he pointed out what we must spend for this war, and for what may happen, makes the situation clear. I quote from his message:

Nevertheless, the increased appropriations for the Department of Defense, plus the defense-related appropriations which I have recently submitted for power development and atomic energy, and others which will be necessary for such purposes as stockpiling—

And so on, and so forth. In other words, he urges that the amount of money we have to spend in this emergency should not affect in any way our planning for power, reclamation, and the internal development of our country.

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

Mr. MAGNUSON. I yield the floor.

Mr. MURRAY. Is it not also a fact that at the present moment there is a shortage of hydroelectric power in various parts of the country, and that if that shortage continues during the effort to rearm it will be very difficult to carry on the program?

Mr. MAGNUSON. Yes. The President points out in his message of today that it is not only the Korean matter that should be considered, but that it looks like a long-time operation in order to stamp out the ideologies of communism in the world. That may last for a long time. During that time we must keep our armament up to the point where it is sufficient to do the job for ourselves

and the United Nations. Part of what is necessary to do the job is power. For instance, one-half of all our aluminum, which is most vital in any modern warfare, in the building of airplanes, and for other purposes, must be developed by power. Without Grand Coulee it would be impossible to have the atomic energy plant at Hanford. Without Grand Coulee we could not produce one-fifth of the aluminum we are now producing; and without Bonneville, we could not produce the power which is needed there. Two more pot lines are being installed at the aluminum plant, Mr. President.

So if we begin to reduce expenditures, I hope we do not cut out the real heart of our production, which is cheap hydroelectric power.

Mr. THOMAS of Utah. Mr. President, I dislike very much to enter this discussion, but I cannot remain silent under the circumstances. I wish to relate a little of American history with which all Members of the Senate are familiar.

During the debate on the strategic materials bill, a bill introduced in Congress many years ago, a great Senator, who became a vital leader in the war effort, made a strong plea for economy. He was opposed to entering upon a great program of stockpiling, and he asked the Senate not to do the things which I had said would be essential if we got into war. I had stated that America was in a perilous condition. The Senator who opposed me prevailed, however, with the result that on the floor of the Senate a bill providing for a \$125,000,000 expenditure for the beginning of our stockpiling program was reduced to \$25,000,000. That step was taken by the Senate because Senators were economy-minded.

However, when the bill went to conference, the conferees on the part of the House were adamant; and the final result was that the full amount was provided. That bill was enacted and went on the statute books in time of peace.

It was most important to have that bill enacted into law and to have that program available, for the minute Hitler moved into Poland—and this is history which has not been related very often—the Russian organizations in the United States started to purchase our rubber. Rubber jumped 300 percent in price in one day, and it looked as if all the available rubber on our market would become controlled by a foreign government.

At that time there was in operation in the world a consortium for the control of rubber. It had a representative in New York, representing the governments of Great Britain, Holland, and France. That representative came to Washington and told me what was happening. There was nothing which could be done under the law to meet the necessities of that situation; but immediately following a call to the White House, we promised that in the first military bill which came before the Senate there would be included an embargo on the exportation of rubber. The result was that the price of rubber was brought down. However, what we were most concerned with was to have available an adequate supply of rubber. Therefore, before the embargo was imposed, I secured a promise that

the rubber quota for the United States would be doubled for that year and would be tripled for the next year, and that all the rubber then at our disposal would be shipped at once to the United States. Mr. President, this is the part of the story which I wish to emphasize for the benefit of the Senate and the people of the United States: If on December 7, 1941, the Japanese had been able to capture that rubber when it was on the high seas, in shipment to the United States, they would have crippled the United States Government far more than they were able to do by the destruction of most of our fleet at Pearl Harbor.

Mr. President, in order to maintain the strength of our country, we must not rely solely on the military or on our manufacturers. Of course, agriculture, reclamation, and power, are most important; but we cannot have adequate strength unless we maintain sufficient long-range programs. All the people of the United States benefit, either directly or indirectly, from such programs. If those programs are curtailed, our economy suffers; attacks on such programs are attacks at the very heart and soul of the economy of the United States. Curtailments in such programs reduce the strength of our soldiers in the field.

Only yesterday the comment was made that the war now going on in Korea is the silliest war ever waged, because our men armed with rifles are being sent to repel heavy tanks. Of course, such a situation seems preposterous. It comes about because of a lack of planning and a lack of understanding.

Mr. President, I am not criticizing anyone in this connection, but in considering what action the Congress should take, at least let us realize that if we attempt to save a dollar or two in connection with these long-range programs, we are likely at the same time to destroy our strength which has been built up as a result of the expenditure of millions and millions of dollars. If that happens our whole defense effort and all that we are trying to do in the world will fail, and at the same time the American economy will collapse. After all, what more does any enemy of the United States want than to have our economy collapse?

Mr. President, upon what does the strength of the West depend except on its ordinary economy, which has been developed as a result of reclamation and the electric energy produced in connection therewith. From those developments we obtain food, power, water, all the resources of the entire west. The only strategic steel plant ever built in the history of the Nation is directly dependent upon water and water power developed at one of the reclamation projects, a project built long before the war.

Mr. President, these things are serious. We must be sure that the all-around strength of the United States is maintained, or else the United States will never succeed.

Mr. O'MAHONEY. Mr. President—
The PRESIDING OFFICER (Mr. HILL in the chair). The Senator from Wyoming is recognized.

Mr. O'MAHONEY. Mr. President, if it were not for the aspect of public power which is involved in this committee amendment, I should be very much impressed by what the Senator from Illinois [Mr. DOUGLAS] has said. But we cannot afford to think of business as usual or Government as usual in the face of the present crisis. The fact remains that if it had not been for public power in the Northwest, in the Tennessee Valley, and wherever else the funds of the United States have been invested in the construction of power plants, it would have been utterly impossible for this country to have produced the munitions of war which were so necessary during the conflict in which the shooting ended in 1945—a conflict which, however, has not yet terminated.

It is utterly futile to think that private capital will go into the building of hydroelectric power plants at this time. The facts before the committee are clear: There is a far greater demand now for hydroelectric power than can be served by both private power plants and public power plants. The President advised us today that he will ask increased funds for military preparedness. If we are to expend those funds for that purpose we shall require a great deal more electric power energy than we now have.

Moreover, Mr. President, in the areas for which these plans are devised there are great natural resources, the development of which is absolutely essential. Let me speak of one—and I should like to have the attention of my friend from Illinois to this matter. Alumina, the material from which aluminum is made, is presently being manufactured chiefly from bauxite which is imported into the United States. There are all over the West, alumina clays from which alumina can be made, and as the result of the development of which the United States will be independent of foreign sources of supply of bauxite. These alumina clays cannot be developed in the West without additional electric power. We had an example during World War II of how these developments could be brought about. As a result of the Grand Coulee project, as has been indicated by the Senator from Washington, it was possible to establish in the Northwest the manufacture of aluminum, which would have been utterly impossible without that public power.

As I have said, Mr. President, under ordinary circumstances, if it were not for this matter of public power, I should be very much inclined to go along with the Senator from Illinois. We must have economy. We must not follow business as usual. We must concentrate upon building up our economy. It cannot be denied that public power is one of the essential ingredients of the sort of military preparedness which we are now about to engage upon in a more intensified degree than heretofore.

I have advised the Senator from Arizona that it is my purpose later in the consideration of this measure to offer an amendment similar to that which I presented at the time the flood-control bill was under consideration, so that, following the recommendation of the Hoover Commission, there may be set up in the executive office a board of engineers whose duty it will be to examine every one of the projects contained in this bill, so far as reclamation is concerned, and every project which is contained under the civil functions chapter of the bill, so that no new project may be initiated unless a certification is received from the engineers that the initiation of the project would help the national defense. In other words, instead of saying we shall not investigate, let us go along with investigations, so that we may know where public power projects can be developed, or even reclamation, if necessary; but let us be certain that in this emergency the funds shall not be expended to initiate projects which would be open to the criticism that they constituted only business as usual.

In those circumstances, Mr. President, and in the light of the suggestion which I make with respect to such an over-all amendment to curtail expenditures which cannot be geared into the national defense, I hope that this committee amendment may be accepted.

Mr. DOUGLAS. Mr. President, by the comments of various Senators, one would have thought that my proposal to diminish the appropriation for planning further projects in the field of reclamation was of direct aid to the soldiers of North Korea, and as though the fate of the American troops in South Korea depended upon lavish planning of public works in the West. I think upon reflection Senators will conclude that this is a very grievous overstatement of the situation.

I think I have been known as quite sympathetic to public-power projects. I favor public-power projects on rivers and in river basins where there is a sharp fall of rain, where the rivers have rather precipitous fall and, therefore, have rather great potentialities of power development, and where the surrounding hills are of such height that it is possible to get depth in the reservoirs without flooding much adjacent meadowland. I have always been a supporter of the TVA, and I am a supporter of public-power projects in the Columbia Valley. I hope we develop more projects in the Snake River, and so forth. But there is a time and a place for everything.

At present we are in a virtual war. We also need to remember that we have a very large backlog of existing projects for which the plans have virtually been drawn. I hold in my hand part 4 of the hearings before the Subcommittee on Appropriations for the Interior, of our sister branch, the House. On page 662 there is a list of the reclamation projects in this bill which have already been authorized and approved. Incidentally, the initial cost of those projects was estimated at \$1,682,000,000—no small figure. But their present estimated cost

is \$5,252,000,000. I ask unanimous consent that there be inserted in the RECORD at this point in my remarks the full

table showing these figures in columns (2) and (3), the foregoing totals of which I have myself supplied.

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

Statement of estimated project costs, construction period, and power-development data

Project and State (1)	Original estimated cost (2)	Present estimated cost ¹ (3)	Date first construction appropriation (4)	Total power capacity (kilowatts) (5)	Date power available		Project completion date (8)
					First (6)	Final (7)	
Gila, Ariz.	\$32,491,500	\$53,560,235	1936				After 1956.
All-American Canal, Ariz.-Calif.	38,500,000	76,993,213	1934				October 1951.
Colorado River front work and levee system, Arizona-California. ²	16,295,000	16,295,000	1926				June 1954.
Boulder Canyon, Ariz.-Nev. ³	126,500,000	173,900,000	1930	1,332,300	October 1936	May 1954	June 1955.
Davis Dam, Ariz.-Nev. ³	41,200,000	114,438,000	1942	225,000	November 1950	April 1951	June 1954.
Central Valley, Calif.	170,000,000	581,886,000	1936	815,000	June 1944	After 1956	After 1956.
Santa Barbara, Calif.	32,210,000	34,189,000	1949				May 1954.
Colorado-Big Thompson, Colo.	44,000,000	150,503,000	1935	177,400	May 1943	April 1943	June 1953. ⁴
Paonia, Colo.	1,071,260	{ 4,747,000 45,146,000 }	1940				June 1953.
San Luis Valley, Colo.	17,365,000	{ 4,200,000 17,173,000 }	1935				September 1951.
Boise, Idaho, Payette division	6,678,300	17,173,000	1905				June 1951.
Lewiston Orchards, Idaho	997,000	2,500,000	1948				December 1950.
Buffalo Rapids, Mont., first division	1,935,000	2,735,000	1935				June 1954.
Fort Peck, Mont. ⁵	5,732,554	16,250,000	1943				After 1956.
Hungry Horse, Mont. ¹	38,648,000	108,800,000	1946	285,000	October 1952	October 1953	June 1954.
Milk River, Mont., Fresno Dam	2,000,000	2,000,000	1904				October 1950.
Sun River, Mont., Greenfields division	7,372,400	9,700,000	1928				June 1951.
Fort Sumner, N. Mex.	2,464,000	2,464,000	1948				June 1952.
Tucumcari, N. Mex.	8,155,000	16,730,000	1937				December 1952.
Rio Grande, N. Mex.-Tex.	21,150,000	{ 14,178,000 13,206,000 }	1905	24,300	November 1940	November 1940	June 1952.
W. C. Austin	5,600,000	13,206,000	1937				June 1955.
Deschutes, Oreg.	8,400,000	12,850,000	1922	1,500	April 1946	April 1946	June 1953.
Klamath, Oreg.-Calif.	4,400,000	18,146,601	1905				June 1955.
Provo River, Utah	15,774,000	28,050,000	1934				June 1953.
Columbia Basin, Wash.	363,000,000	773,339,000	1934	1,074,000	April 1942	October 1951	After 1956.
Yakima, Wash., Roza division	15,000,000	22,808,000	1905	10,000	June 1953	June 1953	June 1953.
Eden, Wyo.	2,045,000	4,828,000	1941				June 1954.
Kendrick, Wyo.	20,000,000	25,000,000	1934	32,400	August 1939	August 1939	June 1955.
Riverton, Wyo.	9,500,000	21,813,403	1921	1,600	June 1925	November 1925	June 1954.
Shoshone, Wyo.	8,851,360	16,851,705	1904	10,600	April 1922	December 1948	June 1956.
Rehabilitation and betterment—various	656,000,000	32,636,100	1949				Various 1950 and after.
Missouri River Basin—various	\$29,152,800	2,834,427,848	1946	1,130,200	May 1950	After 1956	After 1956.

¹ Differences between original and present estimated costs are due to the approved changes in project programs and changes in price levels.
² Projects for which irrigation is not directly involved.
³ Project to be complete except for additional transmission facilities at present in a deferred status.
⁴ Conojos division only—now under construction.
⁵ Estimated cost embraces cost of power division only.
⁶ Estimate was prepared for a greater number of projects than is currently under consideration.

Mr. DOUGLAS. Mr. President, \$5,250,000,000 worth of reclamation projects have already been authorized, and the general plans for them are virtually drawn.

As a matter of fact, of the \$6,500,000 in this item of the bill, only a little more than \$1,000,000 is for advance planning upon these authorized projects. Something like \$5,048,000 goes under the general term "engineering and economic investigations." I cannot believe that the total of \$6,500,000 is so essential to the war effort, so necessary to developing public power projects and getting aluminum, that we must approve it to the last jot and tittle. There probably are certain projects in the West which should be carried through. They are in general quite well under way now, and all that is needed is further work upon them.

But, Mr. President, I do not see the advantage of appropriating the full \$5,000,000 more so that we can develop an additional set of plans, over and above the \$5,250,000,000 worth of projects that we have authorized.

The Bureau of Reclamation moves by stages. Planning is the first stage, then authorization, and then appropriation. It has \$5,250,000,000 worth of work in projects we have authorized, and it is coming before the Congress and asking to have appropriated \$300,000,000 of it. It now wants to capture further territory with \$5,000,000 of planning and investigation funds so it can increase its backlog of authorized projects to possibly

\$6,000,000,000 or \$7,000,000,000. We have enough fat of potential public works to live upon for a time, and we can cut down economic investigations and the development of new projects and carry on the projects we already have under way.

Therefore, Mr. President, I move to strike out the figure "\$6,500,000" and insert in its stead "\$3,000,000."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois to the committee amendment.

The amendment to the amendment was rejected.

The PRESIDING OFFICER. The question now recurs on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The next amendment was, under the subhead "Construction and rehabilitation," on page 247, line 2, after the word "facilities", to insert "and emergency reconstruction of the La Prele unit, Wyoming."

Mr. MAGNUSON. Mr. President, I have an amendment to the committee amendment which probably should have been submitted before action on the committee amendment—

The PRESIDING OFFICER. The committee amendment is now pending.

Mr. MAGNUSON. My amendment is at the desk.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Washington.

The CHIEF CLERK. On page 247, line 3, after the word "Wyoming", it is proposed to insert the following: "and initiation of construction on the Kennewick division of the Yakima project, Washington."

Mr. MAGNUSON. Mr. President, I do not want to burden the Senate, and I therefore ask unanimous consent to insert in the RECORD an explanation which I have prepared.

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

COMPELLING REASONS FOR PROVIDING FUNDS TO INITIATE CONSTRUCTION ON KENNEWICK DIVISION, YAKIMA PROJECT—STATEMENT BY SENATOR MAGNUSON

I have at the desk an amendment to provide funds to initiate construction in fiscal 1951 on the Kennewick division of the so-called Yakima project. This is a multiple-purpose project in the State of Washington.

The Kennewick division is located directly above the junction of the Yakima and the Columbia Rivers. It will service approximately 21,000 acres of land. It includes a power plant of 12,000 kilowatts. Hydroelectric power from this plant will go into the Northwest power pool.

The Bureau of the Budget recommended \$175,000 for continuation of plans and specifications on the project. No construction funds were authorized by the Bureau on the mistaken theory that the Kennewick division constitutes a so-called new start.

I appeared before both House and Senate Appropriations Committees to take issue with the Budget Bureau's contention that the Kennewick is a "new start."

After weighing the facts, both committees concluded that this is merely a division of the Yakima project—a project, parts of which have been in operation over 40 years. I will not repeat my arguments here. I do wish, however, to quote the conclusion reached by the two committees.

On page 172 of its report, the House Appropriations Committee makes the following statement:

"The President's budget message on page M-65 contains the following statement:

"The activities of the Bureau of Reclamation and the flood-control program of the Corps of Engineers, involving the construction of dams, power facilities, canals, channels, and levees will be limited in 1951 to continuation of work on projects started in prior years."

"The committee does not agree with the determination of the Bureau of the Budget in rejecting appropriations for the construction of the Kennewick division, Yakima project, Washington, under this expression of policy. The committee has considered this division and has determined that it is not a new project but is part of the Yakima project under such policy."

On page 146 of the Senate committee's report there appears the following:

**"YAKIMA PROJECT, KENNEWICK DIVISION,
WASHINGTON**

"The committee concurs with the determination of the House Appropriations Committee on page 172 of its report No. 1797 to the effect that the Kennewick division of the Yakima project 'is not a new project but is a part of the Yakima project.'"

It is unmistakably clear from the language I have just quoted that both committees of Congress agree that the Kennewick division is not a new start, and there is strong implication in both statements that the Bureau of the Budget was in error in denying construction funds on that basis.

Early completion of this project is of vital importance to what is called the tricity area of eastern Washington. The tricity area includes the great atomic energy plant at Hanford.

Prior to the location of the Hanford plant in this section of eastern Washington, the economy was geared to agricultural production—packing and processing of farm produce.

In acquiring land for Hanford activities, the Atomic Energy Commission took by condemnation over 7,000 acres of rich, irrigated land. In addition, about 150,000 acres of the most desirable land in the entire Columbia Basin project have been placed in a safety zone.

Development of the atomic energy plant has brought with it a vast increase in population. To sustain this population more jobs, more produce, more of everything is required.

An area geared to agricultural production of necessity incurs heavy investments in packing sheds, processing plants, coal storage facilities, etc. Heavy withdrawal of land which formerly grew the products to sustain these investments has a depressing effect upon their value and in the long run would demand drastic readjustments. Early completion of the Kennewick division—bringing into production 21,000 acres of land—will go far toward minimizing the effect of the readjustment.

I repeat, both committees of Congress have considered carefully our contention that the Kennewick is not a new project, but one of the five divisions of the Yakima project—a division planned almost 40 years ago.

They specifically state in their reports that this is not a new start. My amendment does not increase the over-all appropriation al-

lotted the Bureau of Reclamation for construction and rehabilitation. It simply makes it clear beyond any possible misunderstanding that if the Bureau can find the funds within its over-all appropriation it is free to initiate construction on the Kennewick division of the Yakima project.

I hope the Senate will adopt this amendment.

Mr. MAGNUSON. Mr. President, the Kennewick project, in the State of Washington, lies on the slope of the Columbia River across the river from the atomic-energy plant at Hanford. When the Yakima project was planned—again getting back to planning—sufficient acreage was included to take care of what would be the normal population increase. But along came the atomic-energy plant, which took some 21,000 acres of tillable land in that area. The people there feel that the Yakima project, which is included in what we call a section of it, the Kennewick project, could be developed on the other side of the river in lieu of the 21,000 acres taken by the atomic-energy plant.

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

Mr. MAGNUSON. I yield.

Mr. HAYDEN. The Kennewick project was not considered to be a new project. We wanted to make certain in the text of the bill that it was a part of the Yakima project.

Mr. MAGNUSON. Yes.

Mr. HAYDEN. Under those circumstances, Mr. President, I have no objection to taking the amendment to conference.

Mr. MAGNUSON. I thank the Senator from Arizona.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Washington [Mr. MAGNUSON] to the committee amendment.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question recurs on agreeing to the amendment of the committee as amended.

The committee amendment as amended was agreed to.

**MESSAGE FROM THE HOUSE—ENROLLED
BILLS SIGNED**

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 382. An act for the relief of Wong Suey Wing;

S. 841. An act for the relief of Michele Bartolomeo Marchisio;

S. 976. An act for the relief of Vartan Chamsarian;

S. 1262. An act for the relief of Juliana Mendola Alastra;

S. 1779. An act for the relief of Phil Meyers, also known as Gil Meyers;

S. 2077. An act for the relief of Francisco Gonzalez Perez;

S. 2277. An act for the relief of George A. Voregarethos (George Spiro Chatmos);

S. 2296. An act for the relief of Maria Cicerelli; and

S. 2676. An act for the relief of Kimie Yamada Ina and her daughter, Ritsuko Ina.

GENERAL APPROPRIATIONS, 1951

The Senate resumed the consideration of the bill (H. R. 7786) making appropriations for the support of the Government for the fiscal year ending June 30, 1951, and for other purposes.

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The next amendment was, on page 247, in line 4, after the word "expended", to strike out "\$297,467,000" and insert "\$294,713,000."

Mr. DOUGLAS. Mr. President, we now come to the heart of the coconut. This is a general appropriation of approximately \$295,000,000 to the Bureau of Reclamation for construction and rehabilitation.

I believe the appropriation bill introduces an innovation at this time in that it does not list the projects upon which the money is to be expended, but they are given in the committee report on pages 142 and 143, and I would suggest that Members of the Senate who are interested in the question consult the report at that point.

Mr. President, if this appropriation is agreed to we shall be appropriating virtually \$295,000,000 for reclamation projects in the West.

NEW, OR SUBSTANTIALLY NEW, STARTS

We have gone to some trouble to find out with reference to those projects which ones constitute new starts, according to the figures which we can get, and the projects which are virtually new starts, namely, where only a small fraction of the total appropriation has already been expended. It may be assumed in such cases that only planning money has been spent thus far. I should like to give that list, if I may.

For instance, in the Central Valley, in the case of the Sly Park Dam, as to which there is a total estimated cost of \$6,220,000, we find that no money has been expended to date, so that any appropriation would, in effect, constitute a fresh start.

In the case of the Folsom power facility, the total estimated cost is \$47,800,000, and no money has been expended to date.

In the case of the Fort Peck project, Glendive-Williston transmission line, the total estimated cost is \$2,000,000, and nothing has been spent to date according to the hearings.

Mr. President, we are thus appropriating large sums of money for projects upon which only small amounts have been expended.

Let us consider parts of the so-called Gila project, for the Wellton Canal, the total estimated cost is \$1,570,000. It was estimated by the Bureau that there would be expended through the fiscal year 1950, \$15,291, or only 1 percent of the total.

On the Wellton lateral unit, the total estimated cost of which is \$2,358,000, only \$25,537 or a little over 1 percent was estimated to be expended by June 30, 1950.

On the Dome lateral unit the total estimated cost is \$1,919,000, and the amount

spent to June 30, 1950, was estimated as \$7,516, or one-third of 1 percent. This can be checked in the House hearings.

Similarly, on the Colorado River front project, the total estimated cost of the levee system is \$16,295,000, and the estimated amount spent is \$414,428. The Bureau's justification stated that a preliminary report on levee plans had to be completed before construction could be initiated—House hearings, page 681.

On the Colorado-Big Thompson project, for the Brush substation, the total estimated cost is \$2,513,500, of which \$431,795 has been spent.

On the Flatiron, Fort Collins, Creely tap line, the total estimated cost of which is \$799,100, \$28,758 has been spent. The Bureau's justification states that with these requested 1951 appropriations construction on these items will be started.

On the Spring Creek Dam in the Paonia project, the total estimated cost of which is \$3,300,500, the sum of \$272,200 has been spent. Again the justification reveals that this appropriation will start the construction.

In the case of the Big Sandy Dam and Reservoir in the Eden project, the estimated cost is \$2,000,000, and the amount estimated to be spent by June 30, 1950, is \$42,025. This project was stopped by order of the War Production Board in 1942. This bill will let the construction go ahead.

On the Kendrick project, Seminole-Baroil line, the estimated cost of which is \$242,000, the sum of \$25,000 has been spent. This bill will let construction be initiated.

In the Missouri River Basin, the Jamestown unit, the estimated cost of which is \$10,749,000, the estimated amount spent by the end of fiscal 1950 is \$214,573. Our own Senate committee report, page 150, states that this appropriation will allow construction to start.

On the Missouri-Souris project and I shall have more to say about that project, because it will probably be said that it is essential to the prosecution of the war in Korea, judging by what has happened today—only \$1,218,000 is estimated to have been spent, although the ultimate cost will be \$68,855,000.

Mr. President, there are projects here totaling appropriations of \$6,593,000. If they are new or substantially new starts, according to my figures, it is also interesting to note that the total estimated cost of the foregoing projects for which we shall be asked to make increased appropriations in the next few years, is \$166,404,100.

If we make the starts this year and carry on this year, it will be said, "Well, we have gone so far. We must continue." Then we shall be involved in a further appropriation of approximately \$160,000,000. I think this is a very crucial time for us to stop, look, and listen on this kind of appropriation.

MISSOURI-SOURIS PROJECT

I want to say a further word, if I may, about the last project I mentioned, the Missouri-Souris division. According to the testimony before the House, as I read it, no final decision has been made on the location of the canal and lead-off from

the diversion dam to the related work in the so-called phase B, namely, units being prepared for construction. I ask Senators to refer to the House hearings at page 911. The Assistant Secretary frankly stated:

There is a great deal of work that needs to be done before the ultimate feasibility of the irrigation plans can be worked out for the Crosby-Mohall unit or the Jamestown unit, or any of these distant units.

The estimated cost of the phase A aspects of Missouri-Souris, Missouri diversion unit—phase A signifying units selected for construction—is \$68,855,000, and the Crosby-Mohall and Devils Lake units in phase B will cost \$269,000,000 and \$21,000,000, respectively. In addition, the Jamestown unit of Missouri-Souris, which the committee action has moved from phase B to phase A, is estimated to cost \$10,749,000.

By taking the first big steps on these projects of Missouri-Souris, we would be getting involved in costs which would run close to \$370,000,000. It seems wiser therefore to halt this construction now, since only \$1,432,000 has been spent on phase A, until all doubts have been removed concerning the economic feasibility of the project. How can we justify starting out on a road which leads to enormous expenditures when so many questions are still unanswered, and when the President of the United States is asking for a \$10,000,000,000 appropriation to conduct a war. I suspect, although the record is not clear, that the provisions for the repayment of the irrigation costs of this project are likewise most incomplete.

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

Mr. DOUGLAS. I yield.

Mr. HAYDEN. The conclusion I draw from the Senator's remarks is that we made a mistake in the past in adopting a reclamation policy, and that we should not attempt to institute any new projects, either now or in the future, because they would cost money. I believe the Senator overlooks the fact that these projects create wealth. They create much more wealth than they cost. Their construction adds to the wealth of the Nation, and that fact can be proved with respect to all reclamation projects. The taxes paid into the United States Treasury, following the creation of this new wealth, have more than repaid the cost of new projects, and will continue to do so. If the Senator looks at it in terms of dollars and cents, and does not take into consideration the homes which have been provided for people and the wealth which has been added to the Nation, I would agree with him. If the Senator takes the broader view, and considers the wealth which has been created and the taxes which have been paid into the Treasury, I think he is utterly mistaken.

Mr. DOUGLAS. There is the ultimate premise, which the very able Senator from Arizona defends, that these projects pay for themselves. In that connection I may say it has been found that most irrigation projects must seize power revenues in order to pay for themselves.

We found that to be true with respect to many irrigation projects.

Mr. HAYDEN. The Senator is mistaken. He is correct if he looks merely at the amount of money which the Federal Government has paid out and the amount of money which has been paid back. If we look at the wealth that has been created by a project, he is not correct. Let us take, for example, the Salt River project in my State. On that project the Government spent \$20,000,000. It created wealth on the basis of which \$66,000,000 in income taxes were paid into the Federal Treasury last year. That amount of money would not have been paid into the Treasury if the project had not been constructed, because the land would have remained a desert.

Mr. DOUGLAS. I have analyzed some of the irrigation projects which have been proposed during this session. I find the cost per acre of land to be \$600, \$700, and, in some cases, as high as \$1,100. I see before me the very able and beloved Senator from Vermont [Mr. AIKEN]. Land in Vermont is supposed to be the least fertile of any land in the United States. I know he denies it, but it has been alleged to be true.

Mr. AIKEN. It is not true.

Mr. DOUGLAS. At least the hillsides of Vermont are not particularly fertile. If we were to spend \$700 or \$1,000 an acre on the hillsides of Vermont we could literally make them bloom like a rose, and we would have abundant crops. I should like to know why we should spend \$700, \$800, or \$1,000 an acre on semiarid land and not upon the stony hillsides of Vermont.

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

Mr. DOUGLAS. I am glad to yield to the Senator from Vermont.

Mr. AIKEN. I should like to correct the Senator's estimate. I think he said the cost per acre was \$700 or \$800. I think he should have said \$1,700.

Mr. DOUGLAS. It is my nature to be conservative. Does the Senator from Vermont say the cost has been \$1,700 an acre?

Mr. AIKEN. The cost is estimated to be \$1,700 an acre on some projects. If that amount of money were spent the yield per acre would not be any greater than if \$100 an acre were spent on that land in Vermont.

Mr. DOUGLAS. I thank the Senator from Vermont. I may say that I have been going over figures showing the price at which land sells north of Bloomington, Ill. The Bloomington area produced not only the very able majority leader of the Senate, but also the junior Senator from Wyoming [Mr. HUNT], whom we claim as a native son of Illinois. That land is supposed to be the richest land in the Nation. Its selling price does not much exceed \$400 an acre. Here we learn that for some projects we are asked to pay \$1,700 an acre for desert land.

Mr. AIKEN. Perhaps there is no project proposed in this bill in which an investment would begin to yield the returns which would come from the development of the St. Lawrence seaway. That is a project which would be en-

tirely self-supporting, self-sustaining, and self-liquidating. It has been amazing to me that so many Senators who encourage this type of construction, which at best is of doubtful economic value, insist on objecting to the development of the greatest of all natural resources in North America as to which there is no question of economic feasibility. It is a project which must be developed in the interest of the security of the Nation.

It seems to me that the development of the St. Lawrence seaway should come far ahead of these proposed projects for which we are asked to appropriate hundreds of millions of dollars, and perhaps eventually billions of dollars.

Mr. DOUGLAS. I think the Senator from Vermont is entirely correct, as he generally is, that from the ultimate standpoint the St. Lawrence project is probably one of the best projects before us, and that in terms of emergency it is very much more important than the irrigation projects in the Southwest.

Mr. AIKEN. If the Senator from Illinois will permit me to say so, I should like to add that it is entirely possible that if the United States should become engaged in an all-out war, as seems likely, the outcome of that war would depend on whether the St. Lawrence seaway were developed, and whether the great steel industry of America could be maintained in the Central States without the development of the St. Lawrence seaway. It seems to me unthinkable, in view of the position in which the United States finds itself, that there should be any opposition in Congress or out of Congress to the development of the St. Lawrence seaway, because it is so vital to the national economy and security.

Mr. DOUGLAS. I appreciate the speech by the Senator from Vermont, who has been the most persistent and certainly one of the most intelligent advocates of the St. Lawrence seaway. At the moment what I am trying to do is to save money in these appropriations for power and reclamation projects in the West. I am a friend of the West; but we have already provided large appropriations for this area. We have committed ourselves to projects which are extremely costly. Please let us not start new projects, and let us also slow down, in view of the war emergency, the rate at which we build the projects which are already under way.

REDUCTIONS IN RATE OF CONSTRUCTION

Mr. President, in addition to cutting out these new starts and substantially new starts, I believe we should slow down existing projects in general, and reduce appropriations by 25 percent for projects already substantially under way, with the exception of the Colorado-Big Thompson project. This may make the Senator from Colorado wince, but in that case I think we should slow down by 40 percent. And I can defend those suggestions.

If I may make a reference to the Colorado-Big Thompson project, the original estimate of cost was \$44,000,000. At that time it was provided that the water users should repay half the cost, but not to exceed \$25,000,000. That seemed

perfectly fair at the time. If I am incorrect, will Senators check me up by reference to the House hearings, page 733? Now we find that the estimated cost is \$150,503,000, but the water users cannot be charged more than \$25,000,000, so that \$125,000,000 is to be loaded upon the general taxpayer, or upon the power users, one or the other.

I believe it would help if we slowed down the rate of construction. It might even help the Bureau of Reclamation in carrying on negotiations with the water users, so that they would assume a larger proportion of the cost that at present.

Mr. ANDERSON. Mr. President, will the Senator from Illinois yield?

The PRESIDING OFFICER (Mr. CHAPMAN in the chair). Does the Senator from Illinois yield to the Senator from New Mexico?

Mr. DOUGLAS. I yield.

Mr. ANDERSON. Does not the Senator recall that the same argument for slowing down he now is making was made against the Grand Coulee project in 1940 and 1941, but by the time we were a little way along with the war emergency, we were very glad we did not slow down the Grand Coulee project?

Mr. DOUGLAS. The amendment which I shall shortly submit, to cut \$90,000,000 from this appropriation, will not call for any specific cut on any given project. It is merely a reduction in the total amount, and the Bureau of Reclamation will then have the power and authority to pick out the \$204,000,000, let us say, of projects which it regards as most essential for the war effort and the national interest, and derate its energies to them. But it will not have the power to use the full \$294,000,000, as would be provided in the pending appropriation bill. Every time a Senator proposes a reduction, other Senators rise and act as though he was intending to cut the heart out of the West. We are not trying to do that. We love the westerners, but we do not believe they should walk off with the National Treasury.

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

Mr. DOUGLAS. I yield for a question.

Mr. HUNT. Will the Senator from Illinois yield for an observation?

Mr. DOUGLAS. Yes; if I do not lose my right to the floor.

Mr. HUNT. Mr. President, the very skilled economist from my native State is exceptionally clever in presenting his arguments for reductions in appropriations for reclamation projects purely from the standpoint of reading the numerals in the book. I should like to say to the very distinguished junior Senator from Illinois that had he lived on and immediately adjacent to a reclamation project, as I have, for the past 30 years, he would not today be making the argument he is making, for the reasons which I shall state.

In my own county there is a small reclamation project known as the Riverton project, upon which there has been expended some \$13,000,000, to bring land under water. The crops already produced on that project total in excess of \$17,000,000.

Aside from that, the small town, which is the center of this reclamation project, Riverton, Wyo., only a few years ago had a population of perhaps 1,000. The census just completed shows this town now has a population in excess of 4,500. The property in that area in the last several years, perhaps the past 5 years, shows appreciation in value from \$12,000,000 to \$41,000,000.

I should say to the distinguished Senator from Illinois that carloads of furniture, carloads of automobiles, carloads of many things manufactured in the East, come to that section, and payment for those various commodities comes from the pockets of the people living on the reclamation project there. So the end result of reclamation is pumping prosperity into the home State of my distinguished colleague from Illinois.

Mr. President, some years ago a committee from the Congress was investigating reclamation projects on the ground. It so happened that a distinguished Representative from Michigan was a member of the committee. He did not favor reclamation. When the committee detained and were going up the street, one member of the committee called the attention of the distinguished Representative from Michigan to the line of automobiles on either side of the street. He said to him, "Where do you think those automobiles come from?" Of course the distinguished Representative said, "Michigan." "Where do you think the money came from to pay for them? It was from the reclamation project."

Mr. President, I could go on endlessly reciting the tremendous increase in value of land, valuation of property, and increase in business, around that reclamation project, due solely and only to that project, which today has a tremendous impact on our total economy, with which the distinguished professor from the University of Chicago is so familiar.

Mr. DOUGLAS. Mr. President, I wish to congratulate my good friend the junior Senator from Wyoming for this eulogy of the advantages of water. Let me say, to allay his fears about his particular project at Riverton, on which so much seems to depend, including the future of the automobile industry, that instead of the \$3,200,000 contemplated in the Senate committee report, cutbacks which I have suggested would bring the appropriation for Riverton to about \$2,250,000. Riverton would not be denied the opportunity of getting water, but there would be merely a slowing down in the rate at which the water would be brought to Riverton and adjacent communities.

Mr. President, many of the irrigation projects have been very fine, but we are beginning to wake up to the fact that with present construction costs, the costs per acre in many cases are apparently in excess of the benefits conferred. If the value conferred were only equal to the costs, we could recover by means of special assessments upon the water users; but in virtually every irrigation project that is proposed, the water users ask to be exempted from participating in all of the costs. They will

take only a portion of the costs and shoulder the rest of the cost onto the power users, or upon the Federal Treasury.

Mr. President, I may remind my good friend of what he perhaps is fully aware of, while on the power projects interest is included, in the irrigation projects interest is not included as a cost, though I think it properly should be.

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

Mr. DOUGLAS. The Senator from Wyoming has said to me, sotto voce, that he would like to ask me a question, and I now yield to him for a question.

Mr. HUNT. Mr. President, I wish to make a very brief observation, and then ask the distinguished Senator a question. For a great many years it has been very evident that businesses in the area of a reclamation project profit to an equal extent, or perhaps to a greater extent, than do the settlers on the project. Yet, with the exception of the income from power, the settler himself is expected to pay the total cost of the project.

Mr. DOUGLAS. Without interest, however.

Mr. HUNT. I now want to ask the distinguished Senator from Illinois a question. It is not a leading question, and I can assure the Senator that it is a question asked in perfect good faith. I should like to ask the distinguished economist—and I say that because the answer to the question bears on economy—does he not think that those who profit so greatly from a reclamation project, other than the settler, should, through some method of taxation, help to pay for the project? I mean the lumberman, the banker, the garageman, indeed, everyone who moves into the community and becomes a successful businessman. Should they not help to pay through taxes some part of the cost of that reclamation project?

Mr. DOUGLAS. I may say to my good friend from Wyoming that the idea of secondary benefits and tertiary benefits is a very delusive one. The same argument could be advanced if we want to develop the banana industry in Illinois or in Vermont. We could build hothouses for the purpose and grow bananas, and as a result of growing bananas in either Illinois or Vermont there would be increased employment in the surrounding towns, which would boom, and there would be a demand for glass, there would be a demand for power, so that other industries would benefit, and therefore they should contribute to the cost of the project.

The question comes down to total cost as compared to the total benefit. When irrigation costs rise to \$600 and \$700 or \$1,000 an acre—and the Senator from Vermont has assured us that he knows of some projects where the cost is \$1,700 an acre—whereas the most fertile land in America, north of Bloomington, the land which gave the junior Senator from Wyoming to the world, sells for only \$425 an acre, I submit that, in the words of Benjamin Franklin, we are "paying too much for our whistle."

Mr. ANDERSON. Mr. President, will the Senator yield at that point?

Mr. DOUGLAS. I am glad to yield.

Mr. ANDERSON. The Senator from Illinois has stated that the land above Bloomington, which certainly is as fine land as there is in any farming area, is selling for \$400 an acre.

Mr. DOUGLAS. Perhaps \$425.

Mr. ANDERSON. I wish to suggest to the Senator that citrus groves in California sell for \$3,000 or \$4,000 an acre. I see the Senator from Florida [Mr. HOLLAND] on the floor. He may say that similar land will probably sell for more than that in his State. Does not the Senator from Illinois believe that the going price for this land is some indication of its value; that if it sells for \$3,000 an acre, with water on it, or if it sells for \$4,000 an acre, the man who farms it knows what he is doing.

Mr. DOUGLAS. Then let the water users pay the cost to the Government, plus interest.

Mr. ANDERSON. I should like to suggest that there was a time in this country when it was regarded as economically not feasible to have an irrigation project where the cost per acre exceeded \$45. It took us many years before we reached the point where we would say that the cost should exceed \$90. When I received an assessment against my own lands of \$90 an acre I thought it was outrageous, because other lands similarly situated had been assessed at \$45 an acre. Now an assessment of \$150, \$200, or \$250 an acre is not regarded as excessive. Does not the Senator from Illinois believe that the change in the value of the dollar has something to do with the extra costs?

Mr. DOUGLAS. Yes; certainly. I would not object to \$150 or \$200 or possibly \$250 an acre in areas where the figures show it can pay out, but when we get up to \$600 or \$700 or \$1,000, it is pretty high. While I hold no brief for the State of California, and have only been a tourist there occasionally—and we cannot expect that every State will be like California—I do not believe that with all the native pride which the people of the Southwest have they would claim that the fertility of New Mexico is the same as the fertility of California.

Mr. ANDERSON. I would not, of course, try to compare anything in my State with the excellence of California. But I do wish to suggest that an acre of land in California or in the reaches along the Rio Grande south of El Paso that produces two and a half bales of cotton to the acre, is more valuable than an acre of land that produces one-half bale to the acre, and that farming costs, being what they are, the land producing more is worth very much more to the farmer than land producing less. The Senator should bear in mind that this process of irrigation has been going on for a long time. The first project took the best locations.

Mr. DOUGLAS. That is correct.

Mr. ANDERSON. The finest dam sites were picked out. The valleys that were most easily irrigable were chosen. And now we are getting a little bit toward the end of the stack, and the projects are more costly. But I believe the Senator should have a yardstick by which to measure accurately. It is not just a question of how many dollars, but it is a

question: Is the project economically worth while to the country itself? The point the distinguished senior Senator from Arizona [Mr. HAYDEN] made, and which the junior Senator from Arizona [Mr. McFARLAND] has made many times is, that in the Central Valley is a project which cost \$20,000,000 but which each year returns back into the Treasury \$60,000,000 in income taxes. That is true with respect to every irrigation project, not perhaps to the same degree. The collateral benefits to the Treasury of the United States I think need to be borne in mind.

Mr. DOUGLAS. Mr. President, I may say it is undoubtedly true that on many of the early irrigation projects the costs were more reasonable, but with his characteristic frankness the Senator now states that we are now scraping the bottom of the barrel, and we are undertaking new projects on which the unit costs are extremely high. I think we have probably reached the point where we should not go much further, particularly in the present national emergency.

I am glad to see my good friend, the senior Senator from Colorado [Mr. JOHNSON] on the floor, because in his absence I was compelled to say something about the Colorado-Big Thompson project, the cost of which originally was estimated to be about \$44,000,000, half to be repaid from water; but the present cost is estimated to be \$150,000,000, and now only one-sixth of the cost of the Colorado-Big Thompson is to be paid by the water users and five-sixths will have to be paid either by the power users or by the taxpayers.

The other day I jumped into a hornets' nest in dealing with an attempt to cut the appropriations for roads. I have discovered now that the hornets which grow in the Southwest, while a very lovable type of hornets, are nevertheless extremely powerful and potent, and I feel that the hornets' nest of the other day is as nothing as compared to the hornets' nest of today. I see that a number of my good friends from the Southwest are on their feet seeking to obtain the floor, and I think I will have to take them in turn. I yield first to the junior Senator from Arizona [Mr. McFARLAND].

Mr. McFARLAND. Mr. President, I merely wish to say to my good friend from Illinois that I am afraid he is a hornet, because he goes around trying to sting everyone else except the people of his own State. I should like to demonstrate that now, I hope to his satisfaction. Let us consider flood-control projects in Illinois. By keeping the water of the rivers in their channels the land adjacent to the rivers is made very valuable. The main difference between irrigation and flood control is that in irrigation water is taken out of the channel and put on the land, whereas in the case of flood control water is kept in the channel, thereby making the adjacent land very valuable.

The distinguished Senator from Illinois is advocating that the farmers pay interest on irrigation developments. The people whose land adjoins the rivers which are controlled by flood-control projects have land which is made more valuable by expenditure of money for

flood control. Does the Senator from Illinois feel that the people of his State who have benefited very much by flood control should be made to pay principal and interest on such flood-control projects? If he does, I hope the next time there comes before the Senate a flood-control bill which deals with the State of Illinois he will ask that on that particular project the people who are benefited be made to reimburse the Government for the cost, and pay interest on the project. Otherwise, I do not want to hear the Senator talk about the necessity for such action to be taken in connection with irrigation.

Mr. DOUGLAS. The question the Senator from Arizona has asked is a very pertinent one. It is very true that in connection with many flood-control projects adjacent land which is benefited and largely redeemed from being alluvial swamp land and made into good farm land, is improved very greatly by such flood control. But I am afraid my good friend from Arizona was not present when the rivers and harbors bill was considered, because I submitted an amendment to it which provided that half the cost of the construction of levees be assessed against the land directly benefited. I did not secure many votes for that amendment.

Mr. McFARLAND. Was that in connection with an Illinois project?

Mr. DOUGLAS. I am in favor of such assessment with respect to all flood-control projects, including those in Illinois.

Mr. McFARLAND. I may say I did not hear the Senator from Illinois make any such proposal with respect to an Illinois project.

Mr. DOUGLAS. Mr. President, I am in favor of such a proposal applying to all projects—including those in Illinois, Mississippi, Alabama, and so forth.

However, I think only about six Senators voted with me on my amendment. I do not remember that the Senator from Arizona voted with me, but he may not have been on the floor of the Senate when that vote was taken.

However, I am delighted to have the Senator from Arizona as a convert; and the next time such matters come before the Senate I hope he will be on my side.

Mr. McFARLAND. Mr. President, the Senator has not converted me. I believe that flood control is worth all the money it costs, and even more. Likewise, I also believe that irrigation and reclamation are most important to the economy of the United States. They constitute the only remaining frontier of our country.

I regret very much that our distinguished friend, the Senator from Illinois, a man who has been so foresighted in so many respects and has believed in progress and has believed in affording an opportunity for the youth of the country and people generally who wish to make homes for themselves, cannot be sufficiently foresighted to realize the benefits of irrigation and reclamation.

Mr. DOUGLAS. Mr. President, it so happens, of course, that the Bureau of Reclamation has no projects in Illinois, and therefore the proposals for economy which I am making now are proposals which, if adopted by the Senate,

will result in the making of reductions at the expense of other States. However, Illinois' turn will come when the civil-functions bill—the so-called Army engineers' bill—comes before the Senate; and I shall not spare Illinois when that time comes.

I shall not launch upon any lengthy process of self-justification, Mr. President; but I think I can say that in Illinois I have opposed proceeding with two big river and harbor projects. There is one project—not yet authorized, but proposed—calling for an expenditure in excess of \$100,000,000, to widen and deepen the canal between Moline, on the Mississippi River, and Hennepin, on the Illinois River. I have gone to Moline and to Rock Island, and I have opposed that project; and I have gone up and down the canal and have said that I do not think it is needed any more than a Hottentot needs a white tie and tails.

Furthermore, there is in South Chicago another project, in regard to which I had a little exchange at arms with the esteemed senior Senator from Tennessee [Mr. McKellar] last year—the so-called Cal-Sag project, calling for an ultimate appropriation of approximately \$78,000,000. It is a worthy project in general, but I have declined to sponsor that project this year. I went to South Chicago, and there I helped to pay the cost of renting a hall for a meeting at which I explained that because of the need for economy, I was opposed to the project at this time.

Mr. President, I would not have mentioned these matters, had not the Senator said that I was in favor of economy at the expense of someone else. I fully understand that if we take the pathway of economy, we must be willing to apply it to ourselves and to our own States. I understand that, and I am willing to do so. However, I ask that all of us apply the same standard to ourselves.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. JOHNSON of Colorado. I thank the Senator.

Mr. President, the Senator from Illinois has made some reference to the Big Thompson project, in Colorado.

Mr. DOUGLAS. That is correct.

Mr. JOHNSON of Colorado. I wish to say that, generally speaking, I commend the Senator from Illinois for his efforts along the line of economy. I think it is splendid that a fight is being made for economy and for a reduction in spending. I believe that is one of the very great needs of our country.

Mr. President, I wish to commend the Senator—and I hope he will listen to what I am saying now.

Mr. DOUGLAS. I certainly will listen to the Senator. I turned aside for a moment to obtain some figures bearing on a question which I believe the Senator will ask me.

Mr. JOHNSON of Colorado. Mr. President, as I was saying, I am trying to pay a compliment to the Senator—a rather tortured compliment, perhaps.

Mr. DOUGLAS. Mr. President, I am most grateful for any compliment which is paid me by the Senator from Colorado, even if it is tortured. [Laughter.]

Mr. JOHNSON of Colorado. Mr. President, I wish to pay tribute to the Senator from Illinois for his efforts to obtain economy.

Of course, there are two kinds of spending in the United States. One is spending which will result in an investment, the other is spending from which no return is obtained.

Mr. DOUGLAS. Mr. President, I do not wish to make a wisecrack at the expense of the Senator from Colorado; but I would say that an investment is generally considered a spending of money in one's own State, whereas an expenditure is a spending of money somewhere else.

Mr. JOHNSON of Colorado. Mr. President, I do not make any such distinction as that. I think there is a very logical difference between an expenditure which brings no return and an expenditure for a project which not only will continue to serve the Nation, but will result in having returned to the Federal Treasury all the money it spent on the project.

Mr. DOUGLAS. Then, is the Senator from Colorado in favor of the St. Lawrence project, for which not only the principal, but the interest would be returned to the Federal Treasury?

Mr. JOHNSON of Colorado. In the Senate I have opposed the St. Lawrence project for a long time, but for entirely different reasons. I do not think that project can be compared with the reclamation projects.

Mr. DOUGLAS. The St. Lawrence project is located in the northeastern section of the United States; and that project, when constructed, will return to the Treasury not only the principal but the interest.

Mr. JOHNSON of Colorado. Mr. President, I do not care to get into a discussion of the St. Lawrence project, because it involves a question different from the one with which we are dealing now.

At this time I wish to talk about the Big Thompson project. As the Senator from Illinois has said, the over-all cost of the Big Thompson project has risen, until finally it is nearly three times what it was originally estimated to be. That increase has been caused by several factors. One is the increase in the cost of construction.

Mr. DOUGLAS. Is not the increase also due to a change to more elaborate plans?

Mr. JOHNSON of Colorado. I was about to mention that factor, also. The changes which have been made in the plans for that project are similar to the changes which often are made in the plans for building a house. After the plans for a house have been drawn up, sometimes it is decided to add a bay window or to make other changes, and of course such changes result in increasing the cost. A similar experience has been had in respect to the Big Thompson project. However, all the changes proposed for that project will serve well the people of that area.

The Senator from Illinois spoke of \$25,000,000 to be repaid by the locality. That is true. The people of the locality to be served by the Big Thompson project have placed a tax levy upon all their

holdings in the towns and cities, and they have agreed to pay \$25,000,000 to the Federal Government to take care of some of the cost of building the Big Thompson project. At that time it was believed that the Big Thompson project would cost approximately \$50,000,000. However, now we know that it will cost approximately \$150,000,000. Nevertheless, that project has been begun.

Let me say that recently I read in the press a very wise statement which was attributed to the Senator from Illinois, namely, that once a man puts his hand to the plow, he must go on through to the end of the furrow. I thought that was a very wise statement, and it applies especially to the Big Thompson project, for in that case we have put our hand to the plow; the Federal Government has undertaken a great irrigation project and a great power project. We have begun it. Every time we hold back or restrict or delay the appropriations for that project in the annual appropriation bills, the more damage we do, not only to that locality, but to the Federal Government itself. Someday that project will be finished, and when it is finished it will begin to pay back. The more we delay the construction of the project, the longer it will take to get our money back.

I should like to say a word further, after which I shall not delay the Senator, because I note that other Senators desire to interrupt him. The Big Thompson will pay back every cent. The use of the water will pay a part of it. The sale of electricity will represent the balance. Our friends in Wyoming and Nebraska, as well as sections of Colorado who will get none of the water are sending in applications for the electricity to be generated there. There is already a greater demand for all the electricity to be generated by the Big Thompson project than it will be able to produce. So it is a good project. It is providing supplementary water to one of the finest and best agricultural regions in all the country. It does not need my defense. The Senator should come to Colorado, and go over the Big Thompson project. He ought to inspect the project, and see the tunnel through the Rocky Mountains which is 13 miles in length and, as I understand, the longest tunnel in the United States. He should see the water being brought through that tunnel, the country which is to be irrigated, the fine little towns and cities which are to be supplied with electricity, and which pledged their credit to the payment of this project. Then I think the Senator would be very reluctant to propose delays to the progress and completion of the Big Thompson project.

Mr. DOUGLAS. Mr. President, there seems to be a process of antiphonal singing here, a verse by some distinguished Senator which calls for a reply.

I am not proposing that the work on the Big Thompson should be stopped. I am merely proposing that we shall proceed at a somewhat slower rate than is projected.

The present appropriations call for about \$21,000,000 worth of work to be done in the current year. I think that could be cut back. In general, I am suggesting that there should be a cut-

back of 25 percent, but I think that in the case of the Big Thompson, where the water-payment situation is so uncertain and inadequate, the cut could be still more.

LARGE FEDERAL DEFICIT FEEDS INFLATION

There is another consideration which should be borne in mind. We already have a Government deficit of \$3,000,000,000 for the past year, and unless we cut the appropriation bill for the year 1950-51, we shall have a deficit of, say, \$4,000,000,000. On top of that, we are going to have the war expenditures. The President has asked for \$10,000,000,000, and we are going to give it to him, but we all know that probably beyond that requested appropriation of \$10,000,000,000 will be requests for further sums of money.

The prospects are that unless we put into effect a most rigorous tax-increase bill, the deficit for the year 1950-51 will be very great. How does the Government get the money for that deficit? It borrows from the banks, primarily. And what do the banks do? They create credit upon which the Government draws, and in effect we write up the credit and bank deposits of the country and increase the number of money counters which may be offered for goods, with the result that the prices are bid up and inflation results. The larger the deficit, the more the borrowing, the greater the rise in prices. The smaller the deficit, the smaller the rise in prices, and the less inflation.

I submit, Mr. President, that we have to make our decisions not merely in general terms, but as specific items come up, and we should decrease the deficit so that there will not be this great competition on the part of the Government with those bidding for scarce materials and scarce labor. Every million dollars we put into Big Thompson and into other projects, either directly or indirectly, bids labor and materials away from the war effort.

We must ask ourselves, Are dollars worth more on the Big Thompson than in producing munitions or artillery or tanks, or equipping troops? We must ask ourselves that question. If we ask ourselves that question, I think it is pretty clear that it would be better in the national interest to slow down the rate of construction of these projects so as to release purchasing power, materials, and men for the more direct war effort, and then, when the war is over, as we hope it will be soon, these projects can be picked up again.

Mr. AIKEN and Mr. YOUNG addressed the Chair.

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

Mr. DOUGLAS. I promised to yield to the Senator from North Dakota.

Mr. YOUNG. Mr. President, the distinguished Senator from Illinois referred a while ago to the Missouri-Souris project as a very colossal affair.

Mr. DOUGLAS. That is correct. I cited that particular case.

Mr. YOUNG. It would cost approximately \$270,000,000, but it is a project which is spread over three States—Mon-

tana, North Dakota, and South Dakota. I do not know any project which would lend more stability to the economy of these States than that project. It would provide forage and feed in the dry years, and, as the Senator knows, we have some dry years there, and we have some very good ones. It is a very good trade territory for the city of Chicago, and I hope the Senator will come out to North Dakota and view our problems at first hand.

Mr. DOUGLAS. There could be nothing better than for the Senator to spend some time in North Dakota with the able junior Senator from North Dakota.

Mr. YOUNG. The larger part of this irrigation project would be in North Dakota. The acreage would not be so great in comparison to total acreage of the States, but it would provide the feed necessary for carrying us over the dry years and many more profitable cash crops. It would make for us a more prosperous State and would help to maintain the national economy. The State of North Dakota passed what is known as a conservancy district act last year, guaranteeing to levy on all of the affected property its share of the cost of this dam. It would take a good many years to complete the project. I should like to point out also that it is in various units. The one on which it is proposed to start construction now is in Montana, in the northeastern area, probably the driest part of that State, where perhaps more than any other place in the United States a water project is needed.

Mr. DOUGLAS. I may say to my good friend from North Dakota that, as he says, the ultimate cost of these projects is very great. The ultimate cost of phase A of the Missouri-Souris project is approximately \$79,000,000, since the Senate committee has transferred the Jamestown unit to phase A, and the Crosby-Mohall and Devils Lake units in phase B will cost approximately \$270,000,000 and \$21,077,000, respectively, or a total of \$369,000,000. But there has been expended upon these projects, as my figures indicated, about \$1,432,000, to date. As to the ultimate need of these projects, there is question by the Bureau of Reclamation, itself, because, as I quoted Mr. Warne's testimony, he frankly admitted—and I quote again:

There is a great deal of work that needs to be done before ultimate feasibility of the irrigation plans can be worked out for the Crosby-Mohall unit or the Jamestown unit or any of the distant units.

And, in the case of the Missouri diversion unit, the location of the planned canal is not yet determined.

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

Mr. DOUGLAS. In a moment. In lieu of the doubts about the ultimate feasibility, in view of the fact that the amounts spent to date have been very slight, and therefore we would not lose so much if we halted the work, and in view of the national situation, it would seem to me unwise to plunge in with substantial additional appropriations now, which then would commit us to proceed more rapidly with this tremendous program, which will ultimately cost at least \$370,000,000. And we can be fairly certain that before the Bureau gets

through, the cost would be \$500,000,000, because the Bureau, like the Army engineers, can always be trusted to have its projects cost infinitely more than they first estimated the cost to be.

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

Mr. DOUGLAS. I am glad to yield.

Mr. YOUNG. So far as the project in North Dakota is concerned, of course, there is no money being spent for construction there now. It is all being spent for investigation to prove its feasibility. There have not been large sums of money spent. In fact, if we proceed at the rate we are proceeding now, it would probably take a thousand years to complete the project, which, under normal circumstances, probably could be completed within 10 to 20 years. I may point out to the Senator that no construction is going on within the borders of the State of North Dakota.

Mr. DOUGLAS. But if this bill goes through, will not the construction of some of the dams actually start?

Mr. YOUNG. No. Regarding the Missouri-Souris project, that is on the Montana side, and it is a unit by itself.

Mr. DOUGLAS. But the construction of dams will start.

Mr. YOUNG. There has been an appropriation for the Missouri-Souris diversion dam in Montana, but no definite date has been set for letting a construction contract.

Mr. DOUGLAS. But I mean that if a start is made on it, as the construction schedule of the Bureau indicated, it will be on page 906 of the House hearings, then we are committed to the project. And while this Montana unit costs \$69,000,000, the related units cost an additional \$300,000,000, and we shall be told we are committed to it all.

Mr. YOUNG. No, no.

Mr. DOUGLAS. That is my point.

Mr. YOUNG. No; the Senator is in error about that. We are not committed to the entire project—just the Montana unit, which is a small part of that total project.

Mr. AIKEN. Mr. President, I wonder if the Senator from Illinois has noticed in the message of the President this morning that the President reminded Senators of the fact that we cannot use the same men and materials in construction work that we have to have in fighting the war. I should like to quote from the message:

I am directing all executive agencies to conduct a detailed review of Government programs, for the purpose of modifying them wherever practicable to lessen the demand upon services, commodities, raw materials, manpower, and facilities which are in competition with those needed for national defense.

In other words, the President recognizes that we shall have to cut out some of these projects while we are engaged in war. It is not only a question of money; it is a question of men and materials which will be required. It seems to me it would be the best judgment simply to complete the projects which are nearly completed and which can be completed in time to be of some value in the war effort, and not to start a myriad of

new projects at this time. We should wait until we see whether we win the war. I assume we shall win it, but let us be sure we shall win it. If we begin turning down absolutely essential projects, such as the St. Lawrence seaway, on which the great steel industries will soon be dependent, there is a possibility that we may not win the war. So let us not take any chances. Let us pay heed to the message of the President in which he plainly indicates that the starting of new projects will have to be discontinued for the time being.

Mr. DOUGLAS. Mr. President, I thank the Senator from Vermont for the reinforcing testimony he has given. I tried to point out, in more imperfect fashion, that if we were trying to divert men and materials from less necessary civilian projects to war projects, there is a reciprocal obligation upon us to divert men and materials from less necessary governmental projects to war projects. I am surprised that the seeds which the Senator from Vermont and the junior Senator from Illinois have been trying to sow in the Senate seems to have fallen on such infertile soil.

I now yield to my beloved friend, the senior Senator from North Dakota, who, by the way, is one of my very best friends in the Senate.

Mr. LANGER. I thank the Senator, indeed. I should like to ask my distinguished friend if he has ever been in Montana or North Dakota?

Mr. DOUGLAS. Yes.

Mr. LANGER. In the northern part of Montana?

Mr. DOUGLAS. I spent a summer in Montana.

Mr. LANGER. Where?

Mr. DOUGLAS. In Glacier Park.

Mr. LANGER. That does not surprise me.

Mr. DOUGLAS. But I went through a great deal of North Dakota and Montana in the struggle to get there. I enjoyed both States very much. They produce fine people and splendid Senators.

Mr. LANGER. May I ask what year it was when the Senator visited Montana?

Mr. DOUGLAS. It was a great many years ago.

Mr. LANGER. More than 20 years ago?

Mr. DOUGLAS. It was probably 20 years ago.

Mr. LANGER. That was when the Senator was a very young man.

Mr. DOUGLAS. No. I am rather advanced in years, now, so I was a middle-aged man at that time.

Mr. LANGER. Does the Senator know that during a drought, in a distance of 500 miles from North Dakota all the way to Havre, Mont., on the Great Northern Railroad, only one carload of wheat was shipped from those millions of acres?

Mr. DOUGLAS. I know the distinguished senior Senator from North Dakota was then the Governor of his State, and I am sure he knows everything that happens in North Dakota, and particularly what happened during that period. I would never question any fact that the senior Senator from North Dakota reports.

Mr. LANGER. Does the Senator know that conditions were so bad that we had to ship out all our cattle except a foundation herd?

Mr. DOUGLAS. I say "Yes" to anything the Senator says is a statement of fact.

Mr. LANGER. Does the Senator know, for example, that a man named Charles Whitman, who put in his life establishing a fine herd of white-faced cattle, had only seven head left under the program of Mr. Wallace? Does the Senator know that?

Mr. DOUGLAS. I do not know that, but I am sure the Senator would not tell an untruth, so I make my standardized reply, that I accept his statement.

Mr. LANGER. Does the honorable Senator know that up to 5 years ago Montana had 1,712,205 acres of irrigated land and North Dakota had only 17,409 acres?

Mr. DOUGLAS. I do not know that. I think if the Senator will examine the Montana figures, it will be found that the amount was 1,712,205½ acres.

Mr. LANGER. I want to be accurate. Does not the Senator believe that we in North Dakota are entitled to have irrigation, the same as any other States?

Mr. DOUGLAS. I may say to my good friend from North Dakota that I wish his State well. If there are irrigation projects, the cost of which is not excessively high, I should be delighted to vote for them, but where the irrigation costs are in excess of the value of the land irrigated, I think it is pretty clear that the project should not be carried out.

Mr. LANGER. Wait a minute.

Mr. DOUGLAS. The Senator has been asking me questions, and I want to ask him a question.

Mr. LANGER. I desire to comment on what the Senator has said. The Senator mentioned the cost of irrigation. The Senator knows that the cost is all paid back by the farmers who do the irrigating.

Mr. DOUGLAS. I may say, in the first place, the interest is not paid back, and, in the second place, we increasingly find that a large portion of the capital costs are being unloaded on power, and I think it may be very questionable in some cases whether even under those conditions the capital cost can be repaid from power revenue.

Mr. LANGER. Does the Senator know—

Mr. DOUGLAS. May I answer the Senator's question before he asks another one?

Mr. LANGER. Does the Senator know of a single irrigation project the cost of which has not been paid back?

Mr. DOUGLAS. I would say that time has a great many more years in which to unfold.

Mr. LANGER. I agree with that statement.

Mr. DOUGLAS. As to the cost per acre, when the cost is \$700 an acre or beyond that amount, we are reaching a point where the costs will not be repaid by the owners of land or the users of water, except a small percentage of cases.

Mr. LANGER. Can the distinguished Senator name one single project in North Dakota or in Montana where the cost ever went up as high as he has indicated?

Mr. DOUGLAS. I have been going over some of the costs in Idaho and Nevada, and they are almost astronomical. Will the distinguished Senator please tell me what the cost per acre of irrigated land in the Missouri-Souris project will be?

Mr. LANGER. At the present time it is problematical, but whatever it is it will be paid back.

Mr. DOUGLAS. Instead of the Senator hiding behind the word "problematical," since he is so accurate in giving the acres of irrigated land down to the last digit, will he tell me within \$100 what the average cost will be in North Dakota?

Mr. LANGER. Let me tell my distinguished friend that he knows it is impossible to answer that question, for this reason—

Mr. DOUGLAS. Take the estimated capital cost and divide by the number of thousands of acres of land to be irrigated. We are doing a little bit of arithmetic in the corner here, and we shall have the figures for the RECORD in a moment.

Mr. LANGER. There are approximately half a million acres which the Bureau of Reclamation has stated may not be capable of being irrigated. If we get the water up 10 feet and find the land cannot be irrigated, the cost of the project is great. But does the Senator know of a single project where the money has not been paid back?

Mr. DOUGLAS. There is a day of reckoning coming, may I say to my good friend.

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

Mr. DOUGLAS. I had intended to speak for only a few minutes, but the questions asked have kept me on my feet for an hour and a half. I now yield to my beloved friend from Montana.

Mr. MURRAY. Mr. President, I think the Senator will be unable to find any case in the State of Montana or the State of North Dakota where the value of the improvements has been more than the value of the land.

The Senator would not want to see those sections of the United States completely destroyed as a result of failure of the reclamation programs. Populations are being lost in North Dakota, South Dakota, and Montana as a result of drought conditions. Without these projects which we propose to construct these States would be economically destroyed, because the soil is rapidly being blown away as a result of dry years.

Mr. LANGER. I ask unanimous consent that I may ask the Senator from Montana three questions without the Senator from Illinois losing the floor.

Mr. DOUGLAS. I shall yield in a minute. For the sake of enlightenment I should like to put some figures in the RECORD. The total cost of the projects would amount, under the present figures, to \$369,000,000. The maximum number of acres which could be irrigated, accord-

ing to the figures of the Bureau of Reclamation, would be roughly 1,250,000 acres.

Mr. LANGER. The Senator's figures are wrong.

Mr. DOUGLAS. I understand that of that total a little more than 500,000 acres probably would not be irrigated, or at least there is some doubt about it. Therefore we have a unit cost of \$290 and possibly up to \$490 an acre if we allocated the entire cost to irrigation.

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

Mr. DOUGLAS. I yield.

Mr. LANGER. The figures are entirely wrong.

Mr. DOUGLAS. If they are wrong we shall correct them. Since we do not have information as to cost allocations between irrigation, power, flood control and navigation, it is difficult to make estimates now. And that is my point. The feasibility of the project needs fuller analysis before we appropriate more money for it.

Mr. MURRAY. I have no other comment to make except to say that the Senator's position in reference to these reclamation projects is wrong. It does not seem to me that we can afford to deny these appropriations, because they are necessary to carry out reclamation projects in the Northwestern States. If we wish to keep the Northwestern States a great productive area, and as a supplier of food and material for our economy, we must carry out these programs.

Mr. DOUGLAS. At the very time that we are withdrawing some land from cultivation under the acreage restriction program of the Department of Agriculture, we are throwing additional land into cultivation by means of irrigation. It is a contradictory policy, but I shall not press it further at this time. I now yield to the Senator from West Virginia, whom I observe on his feet.

Mr. NEELY. Mr. President, we have just witnessed the unusual spectacle on this floor of the scholarly Senator and beloved statesman from Illinois, with whom we do not always agree, shaking hands with his opponent in debate, the distinguished Senator from North Dakota [Mr. LANGER]. Let me admonish my friend from North Dakota to remember the following from the Holy Bible:

And Joab said to Amasa, "Art thou in health, my brother?" And Joab took Amasa by the beard with the right hand to kiss him.

But Amasa took no heed to the sword that was in Joab's hand; so he smote him therewith in the fifth rib and shed out his bowels to the ground.

In my opinion, the distinguished Senator from Illinois will, with his long, sharp, logical sword, soon follow Joab's example. Therefore, it is my hope that the Senator from North Dakota, while he still has his bowels and his brain, will beat an orderly retreat to the other side of the aisle.

Mr. LANGER. I shall do so.

Mr. DOUGLAS. I have no such intention as the Senator from West Virginia fears. The only possible thing I could have to thrust at the Senator from

North Dakota would be a bouquet of roses.

Mr. NEELY. Mr. President, the Senator's observation proves that he is a worthy successor of the renowned Senator "Ham" Lewis. On a certain occasion, as my good friend, the senior Senator from Tennessee [Mr. MCKELLAR], will recall, Senator Lewis made a withering remark to a Senator from Indiana who had interrupted him. The rebuked Senator complained of the severity of Senator Lewis' retort. Thereupon, in his inimitable Chesterfieldian way, Senator Lewis said, "I assure my friend from Indiana that although I always wear my intellectual rapier loose in its scabbard, I shall never again thrust it at him, without first pointing it with a rose." Congratulations to the Senator from Illinois [Mr. DOUGLAS] for his compassion and felicitations to the Senator from North Dakota [Mr. LANGER] for the safety which his opponent has just assured him.

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

Mr. DOUGLAS. I yield for a question.

Mr. WATKINS. Will the Senator yield for a comment with a question?

Mr. DOUGLAS. Certainly.

Mr. WATKINS. Mr. President, I am sorry I had to leave the Chamber for a moment and missed the fine colloquy between the Senator from the West and the distinguished Senator from Illinois. I am wondering if, in making his calculations of the cost of land per acre for irrigation purposes in the West and of the cost of these reclamation projects, the Senator has taken into consideration the fact that of the total sum of money appropriated in this bill a large amount is provided for items other than reclamation and irrigation.

Mr. DOUGLAS. Oh yes; power and flood control and navigation.

Mr. WATKINS. Has the Senator calculated the exact cost of the part allocated to irrigation to determine what the cost per acre would be?

Mr. DOUGLAS. I may say that the Bureau of Reclamation itself has not figured the proper allocation between power and irrigation. In view of that fact, how can the Senator from Illinois do something which the Bureau of Reclamation itself confesses it is unable to do?

Mr. WATKINS. Is the Senator acquainted with the contracts which are made between the Bureau of Reclamation and water users, in which that distinction and the allocations are made.

Mr. DOUGLAS. I am acquainted with some contracts. I know that generally the effort is made to load the major part of the cost of construction upon the power users, and to free the water users.

Mr. WATKINS. Does the Senator also understand that in the West the first priority on the streams of the West is for consumptive uses, not only for irrigation but for domestic use by human beings and by industry in a consumptive way? For example, a steel plant must have a certain amount of water to use in the making of steel. When all that is taken into consideration, does the Senator realize that the actual cost of the

water is not the important consideration, for the simple reason that the water itself in a consumptive way must be put to beneficial use; otherwise the power will be valueless. In other words, it would not make any difference how many power projects we had in the West; if we did not have water for people and for industry to use in a consumptive way, the power would be absolutely valueless. As a matter of fact, the stream development which the Senator has been talking about must be considered on a basin-wide basis. If the income from the entire project—power, industry, and the consumptive use of water—makes the entire program self liquidating, the program is justified.

I think the Senator should also bear in mind that the resources and the possible development of the streams on an over-all basin-wide basis must be taken into consideration to determine whether a project is feasible. It is distinctly unfair to pick out the irrigation end and say it is being subsidized at the expense of the other features. There would not be any power development unless people are brought onto the land. People must have homes, farms, and industries.

I may also point out to the Senator that in view of the present situation in the world—and I am going to bring in the argument as to the war, because I think it is certainly material at this point—if people are going to move from the cities they must have a place to which to go, and there is no better place for safety than in the mountainous and the arid sections of the West. They must have homes, and water must be available for irrigation and for domestic uses and other uses. In that way we make an investment in security. Therefore the projects which are under way should not be delayed.

Mr. DOUGLAS. Would the Senator from Utah suggest doubling the appropriation in order to add to security against atomic attack?

Mr. WATKINS. I think that it would be one of the best investments this country could possibly make.

Mr. DOUGLAS. Would the Senator from Utah suggest tripling the appropriation?

Mr. WATKINS. We would have to keep within our possibilities; but I would reduce the long-range reclamation projects and power projects we are building for Europe at the present time, and put the money in our projects at home. Certainly that would strengthen us more than putting the money in Europe would benefit us. At least we know it would be for our use, and it would not be put in the hands of a possible enemy by virtue of the desertion of a third or fourth of the population who are Communists at heart.

Mr. DOUGLAS. Has the Senator concluded?

Mr. WATKINS. I wanted to know whether the Senator had taken all these things into consideration in making his estimate of the value of irrigation in the West under the present program.

I should like also to call to the Senator's attention the fact that in World

War II many reclamation projects were under way. There was one in Utah. It had not been quite finished, but along came a program for building a steel plant in Utah. One was desired there for making steel plates for the Navy. It was found the plant could not be operated without water, and it was fortunate we had a project halfway finished. Mountain water was necessary in making the steel. Other water would not do, because it would leave defects in the steel. The Government went ahead and finished the project so that the steel plant could be completed. Then they brought in thousands of people, and they found there was a shortage of water in the cities and towns. If there had been a drought many of the installations, the Army stores, the Navy camps, and the like, in that State, would have had to move out. It was fortunate we had a reclamation project under way which could be finished to such a degree that they could get water. So that the over-all picture is favorable to the development of reclamation projects.

Mr. DOUGLAS. I hope the Senator from Utah will forgive me if I say that his argument reminds me of a passage in Benjamin Franklin's autobiography, in which he said that—

So excellent a thing it is to be a reasonable creature because one can then find a reason for what one wants to do.

Mr. President, I had not intended to take up as much time as I have taken. I think the RECORD will show that a vast portion of the time has been consumed in cross-examination.

I now move that the figure "\$294,713,000" in line 5, on page 247, be stricken out and the figure "\$204,000,000" be substituted in its stead.

I ask unanimous consent that there may be inserted in the RECORD at this point a brief justification and summary which I have prepared for this reduction, and which I have tried to state orally on the floor.

Mr. LANGER. Will the Senator tell me who prepared the justification?

Mr. DOUGLAS. Mr. McCulloch, my assistant, and I. The two of us prepared it.

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

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

STATEMENT OF SENATOR PAUL H. DOUGLAS IN SUPPORT OF SUBSTITUTE AMENDMENT TO REDUCE CONSTRUCTION AND REHABILITATION APPROPRIATIONS OF THE DEPARTMENT OF THE INTERIOR, BUREAU OF RECLAMATION, TO \$204,000,000

Page 247, lines 4 and 5: House bill, \$297,467,000; Senate bill, \$294,713,000; budget estimate, \$325,966,500.

The Bureau of Reclamation projects for which construction and rehabilitation appropriations are included in the present bill, include a number of new starts and items on which so little will apparently be completed by the end of fiscal 1950 that they may be considered essentially new starts. In line with the general policy against appropria-

tions for such new construction starts this year, these should be omitted.

In view of the President's message today, the general need for reduction in Federal expenditures and the higher priority which other items in this omnibus bill should be accorded, the rate of expenditure for projects now under construction should be substantially reduced for 1951. I am suggesting in general that this reduction be in the amount of 25 percent of the proposed expenditure in the Senate committee bill.

Not only the general budget situation of the Federal Government, but also the certain expansion in the demand for funds and materials for other more essential Government work and for the crucial defense work which the President has outlined in the months ahead should persuade us to make reductions at least to the extent I have suggested.

With certain other decreases, which I shall note below, the suggested reduction in this appropriation is \$90,713,000, and the new figure which I propose that the Senate adopt by way of a substitute amendment to the committee amendment (of \$294,713,000) in line 5 on page 247 is \$204,000,000.

While I have itemized these new starts, weak projects and percentage reductions, it is not the intention of this amendment to bind the Bureau of Reclamation to these particular amounts. I recognize that it is preferable to leave discretion in this matter to the Bureau, so that it may cut back more sharply those projects that may best be deferred and accelerate those projects which in the national interest are most essential.

A. NEW, OR SUBSTANTIALLY NEW, STARTS

The new starts which my amendment proposes should be dropped from the bill are the following:

	<i>Senate appropriations</i>
Gila project:	
Wellton canal.....	\$30,000
Wellton lateral unit.....	70,000
Dome lateral unit.....	10,000
	<hr/>
	110,000
Colorado River front work and levee system.....	950,000
	<hr/>
Central Valley:	
Sly Park Dam.....	250,000
Folsom power facilities.....	750,000
	<hr/>
	1,000,000
	<hr/>
Colorado-Big Thompson:	
Brush substation.....	1,000,000
Flatiron, Fort Collins, Greeley tap line.....	377,000
	<hr/>
	1,377,000
Paonia project: Spring Creek Dam.....	800,000
Fort Peck: Glendive Williston transmission line.....	250,000
Eden project: Big Sandy Dam and Reservoir.....	206,000
Kendrick project: Seminol-Baroill line.....	150,000
	<hr/>
Missouri Basin:	
Jamestown unit.....	750,000
Missouri Souris.....	1,000,000
	<hr/>
	1,750,000
	<hr/>
Total.....	6,593,000

It is also interesting to note that the total estimated costs of the foregoing projects, for which we shall be asked to make increasing appropriations in the next few years if these starts are permitted now, is \$166,404,000.

A table showing the total estimated costs of these projects, the amount estimated to be spent on them to June 30, 1950, and the pages of the House hearings where these

figures and construction facts are given, follows:

Project name	Total estimated costs	To be spent through fiscal 1950	House hearings reference (pt. 4) page—
Gila:			
Wellton Canal.....	\$1,570,000	\$15,291	657
Wellton lateral unit.....	2,358,000	25,537	
Dome lateral unit.....	1,919,000	7,516	
Colorado River front and levee system.....	16,295,000	414,428	681
Central Valley:			
Sly Park Dam.....	6,220,000	0	698
Folsom power facility.....	47,800,000	0	
Colorado-Big Thompson:			
Brush substation.....	2,513,500	431,795	733-735
Flatiron, Fort Collins, Greeley tap line.....	799,100	28,758	
Peonia: Spring Creek Dam.....	3,300,500	272,200	743-744
Fork Peck: Giendive-Williston transmission line.....	1,783,000	0	759-760
Eden: Big Sandy Dam and Reservoir.....	2,000,000	42,025	817-818
Kendrick: Seminol-Baroil line.....	242,000	25,000	821-822
Missouri Basin:			
Missouri-Souris, Jamestown unit.....	10,749,000	214,573	1150
Missouri-Souris, Missouri diversion unit.....	68,855,000	1,218,174	905-906
Total.....	166,404,100		

¹ Senate report.

In the case of the last project, the Missouri-Souris Division, Missouri Diversion Unit, according to the testimony, there has been no final decision on the location of the canal to lead off from the diversion dam. (House hearings, pp. 907, 910.) And in reference to the related work of this division now in phase B, Mr. Warne, of the Bureau, frankly stated (House hearings, p. 911):

"There is a great deal of work that needs to be done before ultimate feasibility of the irrigation plans can be worked out for the Crosby-Mohall unit or the Jamestown unit or any of the distant units."

Since the estimated cost of phase A aspects of Missouri-Souris is \$68,855,000, and the Crosby-Mohall and Devils Lake units in phase B will cost \$268,953,000 and \$21,077,000, respectively, in addition to \$10,749,000 for the Jamestown unit, it seems wiser to halt this construction now (with only \$1,432,747 spent on this phase A section through fiscal 1950), until all doubts have been removed concerning the economic feasibility of the project. How can we justify starting out on a road that leads to such enormous expenditures with so many significant questions unanswered? I suspect, although the record is not clear at this point, that provisions for repayment of the irrigation costs of the project are likewise most incomplete.

B. ELIMINATE CERTAIN SENATE INCREASES

In addition, I am suggesting that the following Senate increases over the House committee figures ought to be dropped. No adequate reason is given in the report for these increases:

Provo River project.....	\$2,245,000
Riverton project.....	200,000
Missouri Basin project.....	3,000,000

C. FORTY-PERCENT REDUCTION IN COLORADO-BIG THOMPSON

My amendment also assumes a 40-percent, instead of a 25-percent, cut-back in the appropriation for the Colorado-Big Thompson project.

In justification for this higher cut-back, I note that the original estimate of the cost of this project was \$44,000,000. The present estimated cost is \$150,503,000 (House hear-

ings, p. 662). A repayment contract, however, was made which provided that the water users should repay one-half of the cost of the project, but not to exceed \$25,000,000 (House hearings, pp. 733, 738-741).

In other words on the basis of present figures the Government will be repaid for only about one-sixth of the cost of the project and the balance must be repaid, if at all, by electric-power revenues. While the Bureau's justification states that negotiations are under way for an amendatory or supplemental repayment contract, I believe it might help to persuade the water users that this is desirable if the rate of construction were sharply cut back.

This seems to be another example of a case where rising costs and project changes result in enormous increases in total costs, far beyond the estimates made at the time of the original authorization by Congress.

D. OTHER MISSOURI BASIN DEDUCTIONS

In connection with the Missouri Basin project, I would also urge elimination of further appropriations for the following projects for the reasons stated below:

(a) Cheyenne division—Key Hole unit..... \$3,179,000

The Senate committee report (p. 152) states:

"The 1951 estimate for this project appears under phase A in the amount of \$3,179,000, which has been allowed by the committee. However, representations have been made to the committee that the water supply on the Belle Fourche River is such that under the Wyoming-South Dakota compact of February 18, 1943, it may be difficult to fill this proposed reservoir. Under the terms of the compact between the two States, there is no limitation upon the number of small reservoirs which may be built in Wyoming. It is the opinion of the committee that a comprehensive study of the future water supply should be made before construction is undertaken."

The best way to guarantee that there will be no wasteful new construction until the availability of water is assured is to omit further appropriations.

(b) Phase B items..... \$5,154,000

The total estimated cost of the Missouri Basin items listed in "Phase A" ("Units selected for construction") is \$769,157,884. Starts have been made on all elements of this phase A. Although the total amount of appropriations authorized by law for the Missouri Basin program of the Bureau is only \$350,000,000, the Government would appear to be effectively committed by the starts that have been made to the total of expenditures of \$769,000,000.

Until phase A is more fully authorized and completed, it would appear to me unwise by this appropriation bill to permit expenditures on phase B ("Units being prepared for construction") which involves projects, the total estimated cost of which is an added \$944,933,000.

In view of the serious questions as to the adequacy of water supply for the whole basin project and in view of the relatively small part of the total irrigation costs which it is estimated that water users will be able to repay, it seems to me that we should not only eliminate all items in phase B but possibly make even more drastic reductions in phase A.

I believe the Senate should also take note of the extent to which project costs in general far outrun original cost estimates, as I pointed out above in connection with the Colorado-Big Thompson project. As listed by the Bureau the original estimated cost of the projects included in the current bill was \$1,682,487,174. The present estimated cost is \$5,252,404,105. (House hearings, p. 662.)

E. SUMMARY

A complete tabulation of the project reductions which I am suggesting in this substitute amendment is as follows:

Summary of proposed reductions (with discretion left to Bureau for item revisions), Bureau of Reclamation—construction and rehabilitation

Project name	25 percent	New starts, etc.	Total reduction from Senate committee figure
Gila.....	\$1,552,000	\$110,000	\$1,662,000
All-American Canal.....	412,000		412,000
Columbia River front.....		950,000	950,000
Boulder Canyon.....	1,525,000		1,525,000
Davis Dam.....	3,405,000		3,405,000
Central Valley.....	10,515,000	1,000,000	11,515,000
Santa Barbara.....	1,454,000		1,454,000
Colorado-Big Thompson.....	17,849,000	1,377,000	9,226,000
Paonia.....	50,000	800,000	850,000
San Luis Valley.....	459,000		459,000
Boise-Payette.....	51,000		51,000
Buffalo Rapids.....	40,000		40,000
Fort Peck.....		250,000	250,000
Hungry Horse.....	7,375,000		7,375,000
Fort Sumner.....	170,000		170,000
Tucumanari.....	43,000		43,000
Rio Grande.....	260,000		260,000
W. C. Austin.....	65,000		65,000
Deschutes.....	125,000		125,000
Klamath.....	222,000		222,000
Provo River:			
Senate increase.....	2,245,000		2,782,000
25 percent of balance.....	537,000		
Columbia Basin.....	12,375,000		12,375,000
Yakima.....	56,000		56,000
Eden.....		206,000	206,000
Kendrick.....	200,000	150,000	350,000
Riverton:			
Senate increase.....	200,000		950,000
25 percent of balance.....	750,000		
Shoshone.....	29,000		29,000
Missouri Basin:			
Senate increase.....	3,000,000		20,086,000
25 percent of balance.....	20,086,000		
Total.....	23,086,000		
Jamestown Unit.....		750,000	
Keyhole unit.....		3,179,000	
Missouri-Souris.....		1,000,000	
Phase B.....		5,154,000	
Total.....		10,083,000	33,169,000
Rehabilitation and betterment.....	750,000		750,000
Total.....			90,726,000

¹ 40 percent.

Mr. DOUGLAS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

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

Aiken	Hayden	Millikin
Anderson	Hendrickson	Morse
Benton	Hickenlooper	Mundt
Brewster	Hill	Murray
Bricker	Hoey	Myers
Bridges	Holland	Neely
Butler	Humphrey	O'Connor
Byrd	Hunt	O'Mahoney
Capehart	Ives	Pepper
Chapman	Jenner	Robertson
Chavez	Johnson, Colo.	Russell
Connally	Johnson, Tex.	Saltonstall
Cordon	Kem	Schoepfel
Darby	Kerr	Smith, Maine
Donnell	Kilgore	Smith, N. J.
Douglas	Langer	Sparkman
Dworshak	Leahy	Stennis
Eastland	Lehman	Taft
Ecton	Lodge	Thomas, Okla.
Ellender	Lucas	Thomas, Utah
Ferguson	McCarran	Thye
Flanders	McCarthy	Tobey
Frear	McClellan	Tydings
Fulbright	McFarland	Watkins
George	McKellar	Wherry
Gillette	Magnuson	Wiley
Graham	Malone	Williams
Green	Martin	Young
Gurney	Maybank	

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the amendment of the Senator from Illinois to the committee amendment on page 247, in line 4.

Mr. DOUGLAS. Mr. President, I should like to make a brief statement about the amendment, and then I shall ask for the yeas and nays.

The amendment I have submitted to the committee amendment proposes that the appropriation for construction projects in the Bureau of Reclamation be reduced from approximately \$295,000,000 to approximately \$204,000,000, thus effecting a saving of approximately \$91,000,000. In the discussion which has occurred, I have indicated that that reduction would be made, for example, by stopping all new construction starts and all essentially new starts, and by slowing up to the extent of 25 percent on projects already under way, with the exception of the Big Thompson-Colorado project, as to which I suggest a slowing-up rate of 40 percent. In the statement I have inserted, I have suggested several other possible reductions. However, the apportionment of the reduction to be made under my amendment to the committee amendment would be left in the hands of the Bureau of Reclamation, as is the case at the present time; and the Bureau of Reclamation could apportion the reduction to the extent of \$91,000,000 in the same way the Bureau would apportion the proposed appropriation of \$295,000,000—in other words, among the various projects; and the Bureau could do so in a way which would benefit those which are needed in the war effort.

Thus, Mr. President, the adoption of my amendment to the committee amendment would result in a reduction in the consumption of materials, and to that extent my amendment would aid the war effort.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois to the committee amendment on page 247, in line 4.

Mr. DOUGLAS. I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. HAYDEN. Mr. President, I should like to be heard on the amendment proposed by the Senator from Illinois to the committee amendment.

The committee amendment calls for an appropriation which is \$2,754,000 less than the amount voted by the House, \$31,253,500 less than the estimates, and \$39,248,638 less than the amount appropriated for 1950.

In my judgment, the proposal made by the Senator from Illinois would mean that after the committee has cut this appropriation to the bone, to a point where just enough money is carried in the bill in order properly to carry on the work which now is going on, the construction projects now under way, now in process of construction, would have to be shut down.

I should like to have the attention of the Senator from Illinois on this point,

Mr. President, because I am sure he does not realize the situation. If his amendment to the committee amendment prevails, inasmuch as the bill as reported by the committee will provide only sufficient funds to pay the contractors under existing contracts for the work on which they now are employed, then, when the contracts are stopped—as they will have to be stopped if the amendment of the Senator from Illinois to the committee amendment is adopted—we shall have to pay the contractors the damages which result from such stoppage. We had an illustration of that situation in California, last year, when such a stoppage cost the Government \$700,000.

The effect of the Senator's proposal, if it is adopted by the Senate, simply will be that work now underway, which should be completed because it is in the interest of the war effort—for instance, the work involved in finishing hydroelectric projects, and similar work which is going on—will be delayed. Then, if the inflation which the Senator fears occurs, when we return to that work, it will take more dollars to finish it.

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

Mr. HAYDEN. I yield.

Mr. LEHMAN. I would be perfectly willing to cut back on the appropriations for reclamation projects, even though, as the Senator knows, I have voted, both on the floor of the Senate and in committee, for every reclamation project, because I believe in them.

At this particular time I think it would be perfectly legitimate to delay some of the reclamation projects, but I do not wish to have any delay occur in the case of the power projects, because I believe they have a direct bearing on the war effort we have to make. In my opinion we should increase the production of power in every possible way, rather than restrict it.

Therefore, Mr. President, let me ask the Senator from Arizona to what extent the amendment proposed by the distinguished Senator from Illinois to the committee amendment would, if adopted, interfere with the development of power facilities.

Mr. HAYDEN. First of all, Mr. President, in the case of the Colorado-Big Thompson project, to which the Senator from Illinois has referred, let me say that project can be finished, if there is any sort of a short war at all, in time to have the power from that project available for use during the war. However, if the amendment of the Senator from Illinois to the committee amendment is adopted, we shall not be able to obtain the power from that project during the war.

The same is true of the power features of the Central Valley project. Practically all these projects are multiple-purpose projects, and their power features are being pushed ahead of almost any other features.

However, Mr. President, so far as the irrigation features of the projects are concerned, let me say that all of us realize that we may need additional irrigation facilities in order to be able to irrigate

more land, so that it can be cultivated for the production of crops which will be badly needed if we get into a war, at which time there would be difficulty in regard to importations.

On the other hand, when we already are under contract to make payments for further construction on projects already under way, it is perfectly foolish to make appropriation cuts of the kind which would be required by the amendment proposed by the Senator from Illinois to the committee amendment.

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

Mr. HAYDEN. I yield.

Mr. FERGUSON. Would it not be better to apply to hydroelectric lines which would supply power the funds which otherwise would be used for the construction of dams which would take years to complete?

Mr. HAYDEN. This amendment does not relate to new dams which will take years to construct.

Mr. FERGUSON. How long will it take to construct them?

Mr. HAYDEN. That will vary; but all the ones to which this item relates are under construction, and have been under construction for years.

All these projects were authorized before the war began. Construction on all of them was stopped during the war. Since the war, we have resumed construction on them, and construction has been continuing since that time.

Mr. FERGUSON. I appreciate that they are authorized years in advance.

Mr. HAYDEN. No; I mean that the money for their construction was carried in the appropriation bills in the 1940's. During the war period, construction on all of them was shut down for four or five years. Following the war construction work on them was resumed. We have been continuing with their construction since then; and they are reaching completion.

Mr. FERGUSON. But are we not now in the same position we were in when construction on them was shut down. In other words, we are in a war.

Mr. HAYDEN. But we made a mistake during the war, in my judgment, when we stopped the construction work. I know that is true in the case of the Davis Dam. We stopped the construction of that dam during the war, but there has been a crying need for power. It would have been the wisest thing to continue with the construction of that project and to have had the power from it available during the war. It was a terrific mistake to stop the construction of that project during the war.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois to the committee amendment on page 247, in line 4.

Mr. DOUGLAS. Again, Mr. President, I ask for the yeas and nays.

The yeas and nays were not ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois to the committee amendment on page 247, in line 4.

The amendment to the committee amendment was rejected.

The PRESIDING OFFICER. The question now is on agreeing to the committee amendment.

Mr. MURRAY. Mr. President, I should like to ask a question of the Senator from Arizona, who is in charge of this portion of the bill. I wish to inquire in regard to the action of the committee in proposing a reduction from \$297,467,000 to \$294,713,000.

I understand that the effect of such a reduction will be to deny the appropriation of \$1,400,000 for continuation of the work on the Havre-Shelby line or project, which now is nearing completion, and also to eliminate the appropriation of \$365,000 which is necessary to construct the Canyon Ferry-Great Falls transmission line, which connects with the Canyon Ferry project.

Mr. HAYDEN. That is correct; it will make a reduction of \$1,400,000 in the amount of money available for the Havre-Shelby line, and will also result in the other reduction which has been mentioned.

Let me explain to the Senator that, as he will remember, last year the Congress, in pursuit of a policy of arming the Reclamation Service with funds whereby it could negotiate on a basis of equality with the private power companies, provided funds for the construction of the Havre-Shelby line. I shall discuss it first.

At the time when that appropriation was made, it was understood that if the Montana Power & Light Co. would bring about a suitable wheeling contract to carry the power, the line would not necessarily be built.

It so happens that the situation which has developed in Montana is that in December the Reclamation Service made a contract for the construction of this line, but gave no go-ahead order to the contractor. The notice to proceed was issued on March 21, 1950. On April 12, the Montana Power & Light Co. obtained from the Montana Public Service Commission an order permitting it to reduce its rates to rural electric cooperatives to exactly the Government rate of 5½ mills. If that action had been taken prior to the time when the contract was awarded or prior to the time when the contractor was notified to proceed with the work under the contract, there would really have been no excuse for building the line, because the primary purpose of the line is to get power to the REA cooperatives at the Government rate; and if power could be obtained from the private power company at the same rate, construction of the line would not be justified. However, the Montana Power & Light Co. was about 3 weeks late in obtaining the order permitting it to reduce the rate in the way I have stated. So the contract was let.

We are faced with that situation; and under the circumstances the committee felt that the Bureau of Reclamation was in a little too much of a hurry to let the contract. For that reason, the committee voted to disallow the funds at this time.

Mr. MURRAY. Mr. President, the Senator will recall that an effort has been under way for many years to construct this project, so that low-cost Fort Peck power will be available to the farmers in that area, who have been denied this power during all this period of time. In 1947 the Senate appropriated funds for the construction of this line in 1948. At that time the Bureau of Reclamation did not hurry to let the contract—thinking that there might be a possibility of entering into a contract with the private power company. However, nothing happened. The Bureau of Reclamation continued to hold up the contract, and did so until very late in the year. Then, just before work was begun under the contract, Congress eliminated that appropriation.

Then the farmers in that area became despondent about the possibility of getting the project constructed. However, they continued to make efforts to obtain it. They had spent a great deal of money for that purpose, but they could not get any contract for service. They had to build a line at their own expense. That line connected with the Montana power system. Also it was necessary to purchase a steam plant there, to firm up the power. All that was necessary in order to make it possible to provide power to those who live in that area.

So, during all these years they have been struggling to get this project, and now, last year, after a very elaborate debate on the floor of the Senate, we succeeded in getting an appropriation with which to start the project. The project was not started, however, and contracts were not let for it until December of last year, waiting again to see whether anything could be accomplished with reference to making an agreement with the power company. The power company did not offer them any contract, did not offer them any wheeling agreement, and the result was that they finally had to start construction on the project.

The project has now been carried on to almost full completion. I have before me a statement from the Commissioner of the Bureau of Reclamation in which he shows the status of construction at this time. It shows that the Government has already expended \$892,136 and has obligations on the project amounting to \$535,231. So the project cannot be stopped at this point, when it is almost finished.

Besides, it will be absolutely necessary to have this project. We cannot tear down the lines now and end the project at this point, because even if the Montana Power Co. could furnish power to the rural electric cooperatives there at the present time, the time is going to come when they will need more power, and will need stronger, heavier lines to carry that power. Besides there is a pumping project involved in the area which will require considerable power.

Mr. HAYDEN. But the representations made to the Committee on Appropriations were that if this appropriation were denied, the Montana Power Co. would then pay the Government for all materials and the lines, as I understood,

and take them over. That is not clear in the record.

Mr. MURRAY. No, and it is not clear anywhere.

Mr. HAYDEN. Very well.

Mr. MURRAY. With whom are they going to contract? They have not offered an agreement to the farmers or to the Government.

Mr. HAYDEN. That is the point to which I am coming. This money has been allowed by the House, but has not been allowed by the Senate. If that point cannot be cleared up, it seems to me quite evident that the House is going to insist upon the appropriation. On the other hand, if it can be shown that the Government will come out whole without loss in this matter, and that in the meantime the REA cooperatives are receiving the benefit of this very low rate on the power of 5.5 mills, then we might be justified in taking it up. I think the best way to handle the matter is to take it to conference and see what the Montana Power Co. has to say about it at that time.

Mr. MURRAY. I should like to ask the Senator whether he does not think that this would be a very mistaken action in view of the emergency which is before the country at the present time; that is, to destroy this line, and to destroy this property? It is almost akin to arson. It would be a criminal destruction of property. We have a line already completed, and the Congress, because of some language picked up from the street or in the lobbies of the Congress, to the effect that the power company is going to compensate the Government for the destruction of this line, proposes to terminate construction and cancel the appropriation. I think it is the most unusual legislative action I have ever heard of.

Mr. HAYDEN. What the committee instructed me, as chairman of the subcommittee, was to inquire first of the Reclamation Service as to the progress on the work at that time. At the time we acted on this item we had that information. I was also instructed to inquire of the Montana Power Co. as to what its attitude would be about taking the property off the hands of the Government, and, while there is no firm commitment at the moment—

Mr. MURRAY. No.

Mr. HAYDEN. We were given to understand that the power company would do that. Before this question is ultimately settled in conference, that will have to be determined.

Mr. MURRAY. The Senator said the power company would do that. What is the agreement it proposes? What does it propose to do?

Mr. HAYDEN. To take over all the materials and to take over the line so far as it has been built, as I understand.

Mr. MURRAY. What does it propose to offer to the rural cooperatives who are involved?

Mr. HAYDEN. A low rate for power.

Mr. MURRAY. A low rate for power?

Mr. HAYDEN. Yes.

Mr. MURRAY. But it does not propose to give them the lines which would be needed in order to enable the cooperatives to secure adequate service.

Mr. HAYDEN. If the line is to be built, as the Senator states, of course it will have to be completed either by the Government or by the private power company.

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

Mr. HAYDEN. I yield.

Mr. ELLENDER. As I remember, the evidence shows that 9 of the 11 cooperatives are now being furnished with power as cheaply as they could obtain it if they were to manufacture it themselves. Is not that correct?

Mr. MURRAY. That is not involved in this item.

Mr. HAYDEN. It is the same identical rate as that at which the Government offers to supply it.

Mr. ELLENDER. But it is all involved in the question, is it not?

Mr. MURRAY. It is not involved in this item, because it is entirely separate and apart from the contracts they may enter into with the power company in other sections of the State. But here is a situation in which the power company has failed to offer a contract during all these years, and does not now offer a contract. No one knows what it proposes to give to the rural cooperatives in the way of adequate service and future low rates.

Mr. HAYDEN. Oh, yes; they have the rate fixed by the Montana Power Commission. If any REA cooperative applies to them, and they serve it with power, it shall have the benefit of the rate of 5.5 mills, which is exactly the same as the Government rate.

Mr. ELLENDER. That was my understanding.

Mr. MURRAY. Then that would mean that there would be turned over to the Montana Power Co. a complete monopoly of the power coming from the Fort Peck Dam. At the present time, the Fort Peck Dam is carrying that power down to Great Falls, where the Montana Power Co. takes it. If a contract of that kind is given to the Montana Power Co., it would mean that the Bureau of Reclamation will lose the difference between 2.5 mills for power and 5.5 mills, so that the Government will be losing 3 mills per kilowatt hour, which the Montana Power Co. secured as a result of that situation, and that deprives the project of the opportunity to repay.

Mr. HAYDEN. That matter was not presented to the subcommittee, but it certainly will have to be considered when the bill goes to conference. My suggestion is that this matter be taken to conference, and that those who are interested otherwise can ask the Montana Power Co. to come forward with a clean-cut, specific proposition. If it does not have one, then that is one thing. If it has a proposition that will save the Government whole and free of cost, then I think the situation would be different.

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

Mr. HAYDEN. I yield.

Mr. HILL. The Senator says, which would hold the Government free of any cost whatever. How much money has the Government invested in this project at this time?

Mr. HAYDEN. The Government has about \$800,000 in it now, and the cost will be close to, but under, \$2,000,000.

Mr. HILL. But there has already been expended on this project about \$800,000 of the Government's money; is that correct?

Mr. HAYDEN. Yes.

Mr. MURRAY. And, in addition to that, another \$400,000 to \$500,000 has been obligated.

Mr. HILL. Does the Senator mean that that has been contracted for?

Mr. MURRAY. I mean contract obligations.

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

Mr. HILL. Will the Senator from Nebraska let me finish first?

Mr. WHERRY. Yes.

Mr. HILL. Is there a supplemental contract obligation of \$400,000 to \$500,000, in addition?

Mr. HAYDEN. Yes. The contractor has agreed to build the entire line, and he has been paid for his work as it has proceeded.

Mr. HILL. Then the Government really has an interest in the matter to the extent of \$1,200,000 or \$1,300,000, has it not?

Mr. HAYDEN. Yes.

Mr. HILL. Does the distinguished Senator from Arizona have any information in writing from anyone in authority connected with the Montana Power Co. as to what the power company will do in this matter?

Mr. HAYDEN. We have a telegram from them. The work was just starting on the line when we had our hearings. The work had been halted by the blizzard. The representation made at that time was that the company would take off the hands of the Government all the material it had. The missing part of the understanding is, What is to be done to compensate the contractor for the profits he otherwise would make? The committee said, "If we can save a million dollars, let us save it."

Mr. HILL. From whom is that representation?

Mr. HAYDEN. From E. J. Corette, vice president of the Montana Power Co.

Mr. HILL. He did not go into the question of what our debt may be to the contractor, did he?

Mr. HAYDEN. No; but he did agree to take off our hands all the material on the ground and to take over the line.

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

Mr. HAYDEN. I yield.

Mr. MURRAY. Mr. President, I ask unanimous consent to have inserted in the RECORD at this point a statement from the Commissioner of Reclamation with reference to the status of the line, and also an extract from the report of the chief engineer on the status of construction and material contracts.

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

JULY 14, 1950.

HON. MICHAEL J. KIRWAN,
House of Representatives,
Washington, D. C.

MY DEAR MR. KIRWAN: In order that you may be informed as to the present status of construction on the Havre-Shelby line and substations, we are enclosing a statement on the status of funds and construction progress as of June 30, 1950, and estimated progress as of July 31, 1950.

Sincerely yours,

MICHAEL W. STRAUS,
Commissioner.

Status of construction, expenditures, and obligations, Havre-Shelby transmission line and substations, Fort Peck project, Montana—status of funds

	June 30, 1950 (actual)		July 31, 1950 (estimated)	
	Accrued expenditures	Obligations	Accrued expenditures	Obligations
Havre-Shelby transmission line, Smith Construction Co.	\$311,954	\$138,046	\$398,910	\$200,523
Havre substation, Valley Construction Co.	12,024	27,976	28,024	59,563
Government-furnished materials and equipment	17,281	259,978	260,000	194,145
All other (R/W, design, engineering, and administration, etc.)	184,831	8,199	205,202	11,000
Rudyard substation, Shelby substation				23,000
				47,000
Total	526,090	434,199	892,136	535,231

	Progress of June 30, 1950	Estimated progress as of July 31, 1950
TRANSMISSION LINE		
Miles of poles hauled and distributed	18	65
Miles of structures framed	12	58
Miles of holes dug	10	58
Miles of structures erected	3	55
HAVRE SUBSTATION		
Grading	(1)	(1)
Structure excavation	(2)	(1)
Backfill	0	(2)
Concrete placement	(4)	(2)
Rudyard and Shelby substations	0	(1)

- 1 Complete.
- 2 90 percent complete.
- 3 50 percent complete.
- 4 30 percent complete.
- 5 60 percent complete.
- 6 Construction contracts awarded.

If construction is stopped we would have an uncompleted facility incapable of serving any useful function, and of the \$1,427,367 expended or obligated as of July 31, 1950, the Government would suffer a direct loss of approximately \$600,000, since the \$200,000 expended for right-of-way, design, engineering, and administration, and approximately \$400,000, consisting of contractors' profits, construction costs, termination costs, and supervision and legal expenditures could never be recovered. This assumes a salvage value of approximately \$800,000 for material and equipment, which is questionable, since some of it is special equipment and might have only a nominal salvage value, in which case the direct loss to the Government could run as high as a million dollars.

In addition, if the Havre-Shelby Line is not completed and placed in service by the Government, the Fort Peck project will lose a principal outlet for firm power. This may well result in requiring the project to sell firm power which has a value of 5.5 mills per kilowatt-hour at a rate for dump energy, or 2.5 mills, a loss of 3 mills. After the load has been built up over a period of 10 years it will result in an estimated annual loss of almost \$250,000.

Mr. HAYDEN. Mr. President, I ask unanimous consent to place in the RECORD a telegram sent by direction of the subcommittee to Mr. J. E. Corette, vice president of the Montana Power Co., and his reply thereto.

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

JUNE 29, 1950.

Mr. J. E. CORETTE,
Vice President, Montana Power Co.,
Butte, Mont.:

Members of Subcommittee on Interior Department Appropriations have asked me to submit to you following information relative to Havre-Shelby line obtained from Reclamation Bureau: (1) Due to favorable bids under estimate, total estimated cost has been reduced from \$2,860,000 to \$1,912,000; (2) estimated contract expenditures as of June 30, 1950, for materials are \$202,000 and for progress payments on 23 supply contracts and 2 construction contracts are \$295,000; (3) in addition to above contract expenditures an additional amount of approximately \$155,000 has been expended for engineering, right-of-way, and administration; (4) in addition contractor has on hand approximately \$115,000 of supplies for which certified invoices have not as yet been submitted to Reclamation Bureau; (5) therefore, total actual expenditures and contractors' earnings as of June 30, 1950, plus material on hand by contractor amount to \$767,000; (6) status of work is reported as follows: 4 miles of poles hauled to site; 1½ miles of holes dug; 2 miles of structures framed, and erection was started on June 26, 1950, and on Havre substation grading is completed; structure excavation is 75 percent completed; and concrete work is 13 percent completed. Subcommittee would like to have your comments on above factual statement and what the Montana Power Co. would be willing to do under present circumstances. Subcommittee would also like to have a statement from you as to present status of the negotiations with the Interior Department for a wheeling contract and how near you are to an agreement on same. Please wire reply at once as subcommittee meets again tomorrow, Friday.

CARL HAYDEN,
Chairman, Interior Department Appropriations Subcommittee.

GREAT FALLS, MONT., June 30, 1950.
Senator CARL HAYDEN,
Chairman, Subcommittee on Interior Department Appropriations,
Senate Office Building,
Washington, D. C.:

Have no source of information to check items on (1) to (5), inclusive, of your telegram.

Item (6) appears accurate but this is very little work toward completion of 100 miles of lines; in addition, excavation, grading, and foundations are only a small part of the cost of a substation and this work has just been started.

Important facts are that Bureau let all contract for Havre-Shelby line and substations after money was appropriated by Senate with the very clear understanding and statement that no money should be spent if arrangement could be made with Montana

Power Co. to serve REA's involved at Bureau of Reclamation rate.

At hearing before your committee on April 20, Mr. McPhail was told by you personally and by other committee members that money was appropriated for this line with such understanding. Our information is that "go ahead" order was not given to contractor on Havre-Shelby line until approximately April 22.

In addition, on April 12, Montana Public Service Commission approved a Montana Power Co. rate for power company rate for power to Marias, Hill, and all other REA's on our system, which is identical to Bureau's rate, thereby eliminating any possibility of any saving to the REA's or anyone else by building the Havre-Shelby line.

The facts clearly indicate to us that Bureau has not acted in good faith with you or with the Senate but has deliberately created a situation to make it difficult for your committee to rescind the appropriation made last year for this line.

This has been done in spite of the fact that no benefits could result from building of this line.

Our company is still willing to purchase at your cost all materials which have been acquired for this line.

As to the Wheeling contracts, we have a contract with Bonneville and supply all REA's in far western Montana under it. Bureau refused to make with us a contract similar to the Bonneville contract and we could not agree on a rate to be paid for Wheeling because Bureau insisted on paying only 1 mill per kilowatt-hour even though Wheeling distance was approximately 150 miles instead of 50 miles as in North Dakota contracts in which the 1-mill rate was established.

In view of this deadlock we reduced our rate to the Bureau rate, thereby accomplishing every benefit that could result from a Wheeling contract plus saving the Bureau all expense that would necessarily result from its serving these customers. We understand from discussion last week between Mr. McPhail and our counsel, Mr. Glover, that Bureau agrees that Wheeling agreement to REA's is now unnecessary as they already have power at Bureau rate.

Only negotiations pending with the Bureau regarding Wheeling are from Canyon Ferry to Crow Creek irrigation pumping plant and for use of our two 100,000-volt lines between Canyon Ferry and Great Falls to interconnect Canyon Ferry plant and Bureau's Fort Peck line. We believe these negotiations will result in satisfactory agreements to both parties.

As we see the situation, every additional dollar spent on Havre-Shelby line will be wasted, as there are no benefits to be accomplished; and sensible thing would be for Bureau to cancel all contracts and reduce expenses to a minimum. Undoubtedly every contract has a provision that it is subject to appropriations by Congress.

Am sending this telegram from Great Falls but will be in my office in Butte all day Friday and would be pleased to answer any further inquiries.

We certainly hope that you will rescind last year's appropriation for Havre-Shelby line, thereby carrying out the intention clearly expressed in the CONGRESSIONAL RECORD last fall and saving as much money as possible.

Respectfully,
THE MONTANA POWER CO.,
J. E. CORETTE, Jr., Vice President.

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

Mr. HAYDEN. I yield.

Mr. GURNEY. I am a member of the subcommittee. I should like to ask if it is not correct that the total cost of the Havre-Shelby line was approxi-

mately \$2,000,000, or was it a little more than that amount?

Mr. HAYDEN. It was originally estimated to be \$2,880,000, but it was reduced, by a favorable bid, to \$1,912,000.

Mr. GURNEY. It was very close to \$2,000,000.

Mr. HAYDEN. That is correct.

Mr. GURNEY. The information received from the Bureau, as I remember, was to the effect that along with materials and expected profits there was an obligation of approximately \$800,000.

Mr. HAYDEN. That is correct.

Mr. GURNEY. Materials on hand, which the Montana Power Co. agreed to buy at the cost to the Government, would amount to approximately \$500,000. Therefore there is a possible net loss to the Government of between \$200,000 and \$300,000. That, I believe, was the understanding of the committee on which it based its decision not to build the line, inasmuch as there would be no lowered cost to the cooperative below the 5½-mills rate at which the Montana Power Co. agreed to furnish current. That is the same rate, of course, the cooperative would pay if it received the Bureau power. Therefore, as I see it at this time, when we need money and materials, we can save the expenditure of the money and save the use of the materials, because the Montana Power Co. is already connected with the Havre-Shelby cooperative, as I understand. We have before us an expense of \$300,000 instead of a total of \$1,900,000. That was the background for the subcommittee's making the recommendation to the full committee and to the Senate.

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

Mr. HAYDEN. I yield.

Mr. LANGER. Mr. President, some of the farmers in the western section of North Dakota are very much interested because they are expecting to get power. But a letter from the Commissioner indicates that the figures quoted a moment ago by the distinguished Senator from South Dakota [Mr. GURNEY] are not accurate. Here is what is going to happen in case construction is stopped, according to Mr. Straus:

If construction is stopped, we would have an uncompleted facility incapable of serving any useful function, and of the \$1,427,367 expended or obligated as of July 31, 1950, the Government would suffer a direct loss of approximately \$600,000, since the \$200,000 expended for right-of-way, design, engineering, and administration and approximately \$400,000 consisting of contractors' profits, construction costs, termination costs, and supervision and legal expenditures could never be recovered. This assumes a salvage value of approximately \$800,000 for material and equipment, which is questionable since some of it is special equipment and might have only a nominal salvage value, in which case the direct loss to the Government could run as high as a million dollars.

In addition, if the Havre-Shelby line is not completed and placed in service by the Government, the Fort Peck project will lose a principal outlet for firm power. This may result in requiring the project to sell firm power which has a value of 5.5 mills per kilowatt-hour at a rate for dump energy, or 2.5 mills, a loss of 3 mills. After the load has been built up over a period of 10 years, it will result in an estimated annual loss of almost \$250,000.

That, Mr. President, is apparently the whole story. So it is much more serious than we have been led to assume. I am delighted to know that the senior Senator from Montana [Mr. MURRAY] is leading this fight because hundreds of thousands of farmers are interested in the question of whether they are going to get cheap power or whether the Montana Power Co. is going to have a monopoly. It seems to me that the stopping of this line is entirely wrong.

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

Mr. HAYDEN. I yield.

Mr. HILL. If anyone will read the telegram which the distinguished chairman of the subcommittee sent to Mr. J. E. Corette, vice president of the Montana Power Co., under date of June 29, 1950, and the telegram of Mr. Corette in reply, he will see that the Montana Power Co. certainly very skillfully evaded any direct answer to the chairman's telegram, and did not at any place in the telegram say that the Montana Power Co. would hold the Government free of all costs and expenses which had gone into the line. If the power company is willing to do anything, it has certainly kept it a deep, dark secret up to this time.

Mr. HAYDEN. The committee acted on the information available to it at the time. I am quite sure that when the bill goes to conference we shall have to have more information from both the Reclamation Service and the Montana Power Co., and the conferees can then decide what to do about it. For that reason I should prefer that the bill remain as it is when it is taken to conference.

Mr. MURRAY. When the conference meets, the conferees will not be able to hold any hearings or get any facts developed with reference to the situation with regard to the expense of completing the line. They will not be able to know what the company will do.

Mr. HAYDEN. The Senator is mistaken. The custom is to act on these matters and get the very latest available information. I can assure the Senator that we shall have accurate information as to exactly what the situation is when the matter is taken up in conference, and we shall also have, if it is possible to obtain it, definite information from the Montana Power Co. as to how much it is willing to pay.

Mr. MURRAY. Will the conferees have information from the farmers interested in this matter? Will they know what the farmers' position is with reference to the ability of the Montana Power Co. to furnish them with adequate power?

I understand they claim that the present line of the Montana Power Co. is totally insufficient to carry the load. Besides, there is a pumping project in that district which will require great quantities of electric power because it involves a hundred thousand acres of land.

Mr. HAYDEN. As I understand, the transmission line will be finished within 30 days. The poles will be in the ground and the wire will be on the poles.

Mr. MURRAY. It is a question of whether we will turn it over to the Mon-

tana Power Co., and give them a monopoly of the power.

Mr. HAYDEN. I understand that, but we have appropriated the money with the understanding that if they would reduce rates and render the service, it would not be necessary to build the line. The money would not have been obtained on any other basis. That is how we proceeded in the case of the Southwest Power Administration. We took \$6,000,000 out of the bill. We made the same arrangement elsewhere. The interval between the time when the contract was let and the power company reduced its rate complicates this case somewhat, and therefore is not exactly like the other cases. Nevertheless, the money would not have been appropriated by Congress if we had not believed the circumstances to be as stated; and so, the committee said, "If the company will do it, we can save the Government some money."

Mr. MURRAY. I should like to call the Senator's attention to the contention of rural electric cooperatives in this field, who have been claiming for a long time that because they could not get adequate service over the company's line, they were compelled to build a line themselves to the Montana Power Co. line in order to hook onto it. In addition to that, as I said a little while ago, they had to buy a steam plant, because available power was insufficient.

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

Mr. MURRAY. I yield.

Mr. ECTON. The Marias Cooperative built their lines several years ago, and they have those lines. Is that not correct?

Mr. MURRAY. They have built their lines. The Marias Cooperative have their own system.

Mr. ECTON. They have their own system.

Mr. MURRAY. They had it originally, and they want to take advantage of their right to have access to Fort Peck power. I think they are entitled to it. They are preferred customers for that power, and they ought to be permitted to use it.

Mr. HAYDEN. The subcommittee was in an embarrassing position. One Senator from Montana was urging us to allow the appropriation, while the other Senator was suggesting that it be disallowed. A situation like that is always embarrassing. I have in my hand the latest information from the Commissioner of Reclamation with respect to the status of this line, and I should like to put it in the hands of the junior Senator from Montana with the request that he send it to the Montana Power Co., and ask them to come back with a very definite offer as to what they will do in the light of the representations now made by the Bureau of Reclamation. We acted on information which was a month or 6 weeks old. If we could know definitely in conference what the power company proposes to do, and could see how much it would cost the United States, one way or another, the conferees could consider the matter with some degree of intelligence. If not, I do not see that the Sen-

ate conferees can do anything but recede. On the other hand, if the Montana Power Co. can come in with a clear-cut proposition to show that the Treasury of the United States is not going to lose anything, I think the Senate conferees ought to stand by what has been done.

Mr. GURNEY. I think the proposal would be a very fine solution of this problem. Personally, I want to see the cooperatives get adequate power at the Government rate of 5½ mills. I do not want to appropriate any Federal money at this time, especially for duplicating lines. I want to be sure that the Government's interests are preserved. If we have a proposal from the Bureau setting forth the status of the contract at this time, and the Montana Power Co. will agree to buy the material, or make some other agreement, and it appears to the conferees that it is a reasonable solution of this problem, I think that is the best we could do. The matter could be very well handled in conference.

Mr. HAYDEN. I think that is the best we can do. Would the distinguished Senator from Montana be willing to do that?

Mr. ECTON. I did not hear the Senator from Arizona.

Mr. HAYDEN. I have here the latest information issued by the Bureau of Reclamation, dated July 11 and July 14, as to the status of this transmission line, showing how far it has gone, what it has cost, and what the estimates on it are. The conferees would like to know what the Montana Power Co. proposes to do at this time under the circumstances.

Mr. ECTON. The information I have from the Montana Power Co. officials, which I think the distinguished Senator from Arizona has, is that the company is perfectly willing to take from the Government at cost all the material which is now on the job, so the Government will not lose any of the cost in that respect. What the liability to the contractor would be I am not prepared to say.

Mr. HAYDEN. I am asking if I give the Senator these letters will he transmit them to the Montana Power Co. with the understanding that by the time the bill comes to conference we will have a statement from them?

Mr. ECTON. I am willing to cooperate. However, I would suggest, since the Senator from Arizona has been handling the matter, that he do it, and that the information be sent directly to him.

Mr. HAYDEN. I shall do it that way.

Mr. MURRAY. Mr. President, I should like to continue with this discussion. In connection with the point which arises with reference to the sufficiency of the present transmission lines of the Montana Power Co., I wish to call attention to the fact that farmers in this area expect to have a power failure this winter. They wrote a letter to the local power manager of the Bureau of Reclamation at Great Falls, asking for the right to lease this unfinished line so that they may be able to get more power for their cooperatives. I should like to have the letter inserted in the RECORD. In it the Marias Cooperative,

writing to the Bureau of Reclamation manager at Great Falls, says:

I have discussed with you our desire to temporarily lease the use of your Havre-Shelby transmission line on the section from Chester to Shelby, Mont., to relieve our power shortage for this coming winter's load; as it is my understanding that when the contracts were let on the Havre-Shelby transmission line that the construction of the line would be completed by October 1, of this year. We have made extensive inquiries for the rental of transformers which we will transform from 69,000 volts to either 7'00/12000/400Y or to 34,500, which we prefer; provided, we can find transformers of capacity sufficient to serve our additional power requirements.

The letter continues to show the insufficiency of the present transmission line. The Montana Power Co. does not offer any agreement to increase those lines. Therefore, it seems to me that the construction of the Havre-Shelby line is absolutely essential. It seems to me it would be a criminal act to destroy the line after it has been practically finished.

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

MARIAS RIVER ELECTRIC COOPERATIVE,
Shelby, Mont., July 12, 1950.

Mr. CHESTER BRAZIL,
Power Manager, Reclamation Bureau,
Great Falls, Mont.

DEAR MR. BRAZIL: I have discussed with you our desire to temporarily lease the use of your Havre-Shelby transmission line on the section from Chester to Shelby, Mont., to relieve our power shortage for this coming winter's load; as it is my understanding that when the contracts were let on the Havre-Shelby transmission line that the construction of the line would be completed by October 1, of this year. We have made extensive inquiries for the rental of transformers which we will transform from 69,000 volts to either 7200/12000/400Y or to 34,500, which we prefer; provided, we can find transformers of capacity sufficient to serve our additional power requirements.

We had a peak load of approximately 4,200 kilowatts last year; and even with our plant generating at full capacity, we were unable to hold a satisfactory voltage regulation on this peak load; and therefore, we anticipate a great deal more trouble this coming winter than we had the last winter.

Please bear in mind, that we have a transmission line from Conrad to Shelby and purchase power from the Montana Power Co. to supplement our generating capacity, and operate our plant in parallel with the power company's plants.

We anticipate a normal peak of 5,200 kilowatts this December, which will be increased by another 200 kilowatts; provided our allocations are completed to serve areas that we anticipate construction on this fall.

We will be urgently in need of power for next winter's use, in addition to what we can now generate and expect to receive from the Montana Power Co. over the present transmission line hook-up; and I would appreciate your immediate advice as to what we can expect relative to the completion of the Havre-Shelby line and the possibility of leasing it temporarily to relieve our power situation, or that the Bureau of Reclamation furnish us with an additional 2,000 kilowatts of supplemental power delivered to Shelby over that portion of the Havre-Shelby transmission line at our substation which would be located in the vicinity of the proposed Bureau substation.

Your immediate advice on these matters will be greatly appreciated, as the time is drawing near when action will be necessary.
Very truly yours,

R. O. McPHILLIPS,
Manager.

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

Mr. MURRAY. I yield.

Mr. ECTON. I wonder if the Senator knows that the Montana Power Co. has offered to double their voltage on the line so that everyone will be able to have sufficient power. Is the Senator familiar with that?

Mr. MURRAY. I have been familiar with the proposals which the Montana Power Co. has been making over the years. For the last 5 or 6 years we have failed to get any satisfactory agreement from them which would enable the cooperatives to get the power which they need.

In addition to that, as I said a little while ago, we will need this transmission line more than ever as a result of the Marias pumping project, which undertakes to irrigate 100,000 acres of the valuable land in that area.

Mr. President, this is a most unusual and arbitrary action and will, if approved, result in denying the farmers of the section of Montana involved an adequate and efficient program of rural electrification at reasonable cost. In addition, it will result in a tremendous loss to the Government because this line is already nearing completion and the funds which we appropriated last year have already been paid out or almost completely obligated and cannot now be recaptured.

Furthermore, the meaning and net effect of this procedure will be to turn over to the Montana Power Co. a monopoly of the power generated at the Fort Peck Government Project and repudiate the program of the Bureau of Reclamation in furnishing power to REA's at low rates for rural electrification.

There are three cooperatives involved in that program. It is in a very rich agricultural section of the State of Montana, and the successful development of this area is entirely dependent upon an adequate supply of firm power at a reasonably low cost.

There is also in this area as I have stated a potential irrigation pumping development on the Marias project that could be served by the Havre-Shelby line. This development of over 100,000 acres of good irrigable land can be placed under water by the proper location of irrigation pumping plants. It is estimated that the annual energy required for such purpose may reach a total of over 4,000,000 kilowatt-hours annually. Without the Havre-Shelby line it would be necessary for the Marias pumping project to secure its power from the Montana Power Co. at a higher rate than this power could be obtained from the Fort Peck project.

Of course, the agreement which the Montana Power Co. is now offering, of 5.5 mills for the power they propose to sell to cooperatives, does not apply to the

pumping project. That would have to be a separate contract, and the farmers there would have to pay an excessive price for the power, which would practically render the project unfeasible.

Mr. President, I should like to refer to some other background history of this controversy. This struggle on the part of the REA's in Montana to secure low-cost power, which they had been guaranteed by Congress, has been going on for many years. During all that time we have made efforts to make agreements with the power company, but they have never taken any interest in these rural cooperatives until just recently.

At the outset of this effort of the farmers to get power on their farms, the Montana Power Co. displayed no interest whatsoever in serving these cooperatives or in providing adequate transmission facilities for such purpose. The company simply stood by with their control of the power from the Fort Peck Government project and undertook to block the development of these cooperatives. It was not until the Bureau of Reclamation proposed construction of the Havre-Shelby line that the company suddenly became interested. That was back in 1947. I have already described the situation then. The Congress appropriated funds in 1947 to build this line. If the Bureau of Reclamation had proceeded expeditiously, they could have completed the transmission line at that time. I remember some of the farmers who came here testifying about that—and I think the Senator from Arizona will recall it. They said some of the officials of the Bureau of Reclamation should have been shot for their failure to proceed with the construction of the line. It seems that some people are going to criticize the Bureau of Reclamation this time because they have proceeded. At any rate, the farmers were getting no power.

The Congress, finally taking cognizance of all these factors, back in 1947 appropriated funds for the fiscal year 1948 to provide for initiating construction of this line and substations. A large percentage of the line was then surveyed and staked out, designs and specifications prepared, and invitations for bids published during the fiscal year 1948. During all this time the Montana Power Co. offered no satisfactory program to serve these cooperatives, but continued to oppose the program in every way possible and maintained a powerful lobby in Washington for that purpose.

Just prior to awarding the contract for construction the Congress, because of this pressure of the power interests, rescinded its 1948 fiscal year appropriation. This action of the Congress was a severe shock to the REA's. It left the people of the Havre-Shelby area totally dependent upon an inadequate, makeshift, and completely unsatisfactory system consisting of low-voltage transmission lines owned by the Montana Power Co. and supplemented by a line belonging to the REA's and a steam-generating plant at Shelby which the REA's were compelled to purchase in order to provide some semblance of service, although clearly inadequate.

After the action of Congress rescinding the 1948 appropriations for this line the REA cooperatives were deeply concerned as to their future expansion and development. They had already expended large sums of money and were dependent over the future, but continued the struggle. It was clearly shown at the hearings before the committee that the REA development in the Havre-Shelby area depended entirely upon the construction of the Havre-Shelby line.

On the basis of these well-established facts, developed in extensive hearings, the Congress last year, after a very elaborate debate, appropriated funds for the construction of the Havre-Shelby line for the fiscal year 1950. At no time during the Senate debate last year on the appropriations for the fiscal year 1950 did the Montana Power Co. offer adequate service under a proper agreement for these REA's. Never a thing; they just stood by, hoping they could beat them. They were successful before the committee in knocking out all the appropriations for transmission lines in Montana, but when it came to the floor of the Senate they were defeated. They did not even then try to enter into any agreement with the rural cooperatives in Montana.

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

Mr. MURRAY. I yield to the Senator from Alabama.

Mr. HILL. It was the fine and able efforts of the senior Senator from Montana on this floor that got the money for that line, of course.

Mr. MURRAY. Assisted by the Senator from Alabama [Mr. HILL], the Senator from North Dakota [Mr. LANGER], and many other Senators, who recognize the merits of the program. It seemed utterly ridiculous that the Government should build the Fort Peck Dam and have all this power available to these preferred customers, and then that they should be shut out of the power by the action of the Montana Power Co., which undertakes to get a monopoly of the power from that project. I think it is utterly indefensible.

During all the months intervening since the fiscal year 1950 appropriations were made, there was no effort to provide a wheeling agreement or adequate transmission facilities to serve this area. The Montana Power Co. having offered no wheeling agreement, the Bureau of Reclamation in good faith and under instructions from the Congress awarded a contract on December 28, 1949, for materials and construction of the line.

Mr. ECTON. Mr. President, will my colleague yield at that point?

Mr. MURRAY. I yield.

Mr. ECTON. Is the Senator aware of the fact that the Montana Power Co. had a contract signed by nine REA cooperatives in that area who were willing to take the company's power, but the REA here in Washington refused to approve it?

Mr. MURRAY. That does not relate to this section of the State of Montana at all; that is an entirely different situation.

Mr. ECTON. I should be pleased if the Senator would tell me to what section of Montana he refers.

Mr. MURRAY. I am referring to the section of Montana which will receive service from the Havre-Shelby line, in the northern section of the State, where these three very large cooperatives which have spent a great deal of money trying to get power during the past 6 or 7 years are located. I am referring to that area, where they should have access to the power from Fort Peck, but they have been denied it all these years by the maneuverings of the Montana Power Co. and their failure to give them a fair and decent contract.

Mr. ECTON. Is not the Senator aware of the fact that the two cooperatives involved have been offered the same rate as the others, namely, 5.5 mills, the same as the Government rate?

Mr. MURRAY. Yes; but that means that the Bureau of Reclamation will have to turn over to the Montana Power Co. a monopoly of power from Fort Peck, and lose 3 mills per kilowatt on all the power hereafter which comes from that project, which will amount, as the Senator from North Dakota showed a little while ago, to a quarter of a million dollars a year.

The power company continued, all during the winter and spring, to refuse to enter into any deal with these cooperatives, and after failing to block the movement in the House, the power company officials then rushed back to Montana and went before the State railroad commission, which regulates the rates for utilities.

They appeared one day and submitted these revised rates, and the railroad commission acted on it the very same day, and put the rates in operation. This, however, did not occur until long after the contract was let for construction of the Havre-Shelby line and long after it was in course of construction. In view of that action by the commission it would seem to me that later on, after a few years, they will be able to go to the Montana Railroad Commission and get the commission to revise the rates, to raise the rates they may charge the farmers. That is something which can readily be expected, because they naturally have power and influence in the State with reference to the regulatory body, and I am satisfied that the company will receive such increase if it asks for it.

I believe this action before the Montana Commission is significant in that there is a possibility that the company, once the Government is deprived of the right to serve these REA's, may make representations at a later time to the commission that its rates should be raised. It seems reasonable to assume that it might be successful in accomplishing this even without holding public hearings. That is very significant as far as the REA cooperatives are concerned since, in view of the manner in which this rate reduction was handled, there is grave doubt as to the future. But, Mr. President, this rate reduction was not

accompanied by any agreement to provide transmission facilities to carry full service to the area.

Now it is claimed that the power company will compensate the Bureau for the losses sustained if construction on this line is discontinued. Who is going to determine this? What is the compensation going to be? And who is going to reimburse the farmers who will be compelled by the power company's action to spend thousands of dollars more than would be necessary if the Havre-Shelby line were completed? It seems to me that is something which has not been properly adjusted by the conference committee. There ought to be some way of weighing the company's proposals and determining whether they are sufficient actually to compensate the Government for the total losses it will suffer.

If the company had made an offer of an agreement after the action of the Congress last year and could offer complete service to the REA's, it would have been a different story. But they waited until the last minute, when the line is nearly completed. So now the Government stands to take a heavy loss if the proposed action is carried into effect. We would not have been here last year fighting for this appropriation if the Montana Power Co. had at that time offered the rate which they are now proposing to offer. It seems to me the point I make to the effect that it results in giving a monopoly to the Montana Power Co. is something which should be taken into consideration by the conference committee. I think that the power company, by its neglect and delay in presenting any proposal until after the line had been partly constructed, has waived any right to depend on any so-called understanding, and the committee is released from obligation under the alleged understanding arrived at in the conference last year.

I regret exceedingly to see this struggle between the power interests of my State and the people again resurrected. Last year we thought that the fight had been finished and that we would now begin to witness a long period of progress and cooperation in the development of rural electrification in Montana. I think the power company is making a grave mistake in again reopening this bitter feud. There is not enough at stake to justify the power company in seeking to deprive the farmers of northern Montana of the right to have this transmission line and have access to a full supply of power from the Fort Peck project.

The power company knows that it is not adequately equipped through its present transmission lines to furnish the Havre-Shelby area with sufficient power to fulfill all requirements. The power company stands to profit enormously as a result of its control of the public power generated at Fort Peck, which the taxpayers of our State have helped to bring into existence. The power company has also been greatly benefited by the development of the Hungry Horse power project in Montana, which they tried to obstruct for years, and will now witness a great expansion of its business.

The company is expanding its business tremendously and is going to make huge profits. Already its stock has jumped on the stock exchanges because of the enormous expansion of business which will result to the company because of the fight we made in Congress for the Hungry Horse Dam and the other developments in our State. The company fought us in connection with the transmission line from Kerr Dam to Anaconda claiming that it was not necessary. They fought us for several years and tried to block the development of the Hungry Horse project. Finally Congress took action with respect to the project. After that the company came here last year and admitted that the Kerr-Anaconda power line was necessary. The company is going to benefit from it because it carries power from the Hungry Horse Dam to the Montana power centers where they are going to obtain a huge amount of that power. It seems to me that the power company should be satisfied with the tremendous growth and profits it stands to make through its expanding operations under this power development program, and not waste its time trying to crush the little group of farmers who seek to get the meager benefits of low-cost power on their farms, to which they are entitled under the national policy.

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

Mr. MURRAY. I yield.

Mr. LANGER. The distinguished Senator from Montana will remember that at the very time the Hungry Horse Dam project came before us for consideration for the first time, when former Senator Wheeler and the distinguished senior Senator from Montana appeared and asked for the initial appropriation of a million or a million and a half dollars to make a study of the project, even then the power companies protested and opposed the request.

Mr. MURRAY. Yes.

Mr. LANGER. And now after the project has been completed the company takes advantage of it.

Mr. MURRAY. Yes. Undoubtedly the Hungry Horse Dam should have been constructed long before it was. It should have been constructed before the last war. By reason of the failure to construct the dam, big floods occurred in the Lower Columbia. The dam helps to hold back those waters, and contributes greatly to flood control in the Columbia Basin. So it seems the Congress acted unwisely in delaying that project, as it did several years ago.

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

Mr. MURRAY. I yield.

Mr. LANGER. As a matter of fact the construction of the dam changed the entire situation around Kalispell, Mont., did it not?

Mr. MURRAY. Yes. It has changed the entire situation in the whole State of Montana as well as in the Dakotas. In that section of the country we were losing population. Just before the project was begun we had fewer people in Montana than there were in Montana 30 or 40 years before.

The population had greatly dwindled because we had no balanced economy. All we had was an agricultural economy. After the young people had gone through school and graduated from college, they were obliged to leave the State and go to other sections. As a result of this development, however, people are coming into Montana seeking to obtain the power created by the project, to use it for industrial purposes.

Yesterday I had a conversation with a man who represents a concern which wants to construct an aluminum production plant in Montana. Mr. Raver, of the Bonneville Power Authority, has been negotiating with him. That is one illustration of what is occurring. Hundreds of similar illustrations could be given. Such construction will develop Montana's internal economy. Montana is the third largest State in size in the Union. It could maintain a population of many hundreds of thousands more than it has now. Instead of the population increasing in Montana, it has been dwindling.

Another factor that I believe is of major importance to the Senate is the possible losses that will be incurred by the Government as a result of failing to appropriate funds to complete the Havre-Shelby line. We are not assured that the company will stand all the costs as a result of stopping construction, although company officials have indicated their willingness to reimburse the Government for materials involved. Expenditures by the Bureau of Reclamation, as of June 30, 1950, are \$526,090. Obligations, as of July 1, 1950, will total \$828,522. The estimated expenditures by July 31 will be \$892,000 and the estimated obligations, \$535,000. As of July 10, 10.5 miles of structures have been erected and 17.5 miles of structures framed. By July 31 it is estimated that 55 miles, or over one-half of the structures, will be erected and 58 miles of structures framed.

Should the Bureau of Reclamation now be required to terminate the construction contract and dispose of the material, it would stand to lose approximately \$200,000 for designs, surveys, engineering and administration, and right-of-way acquisitions. Termination of the contracts would probably result in a loss to the Government of from \$400,000 to \$800,000 for settling the claims which, no doubt, the contractors for materials and construction will seek for such termination. The amount of the loss is contingent upon final determination of the disposal or use of materials and the resulting salvage value. The direct and immediate loss to the Government would as a minimum be \$600,000 and may reach as much as a million dollars.

What will be the status of the structures already in place? Salvage would be costly. If the company offers to take it over, it will be an admission that the line is required in spite of testimony to the contrary. The Congress will also have to decide the question of disposal. We cannot abandon these works by merely saying, "Stop—no more work is to be done."

Mr. President, this is a tragic matter. I am confident that the conference committee which will handle this bill will not be jockeyed into this muddle of confusion which was concocted by some smart lawyers and lobbyists. No, Mr. President, this so-called offer of the company to assume the loss caused by the termination of construction of this line is not worth a penny. Such an arrangement would be contrary to public policy. It seems to me that some sort of deception must have been perpetrated on the committee to induce it to peremptorily terminate the construction of this vitally necessary line which will not cost the Government a single dollar.

In view of the present emergency confronting the country, Congress must act in this matter with caution. We can not afford to see this property and the labor which has been expended on it recklessly wasted. There can be no doubt but that the Havre-Shelby line is necessary to carry the load required to serve that area. If it was not built this year, it would have to be built in a year or two by the Montana Power Co. if it should undertake to fully serve the area.

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

Mr. MURRAY. I yield.

Mr. MAGNUSON. Is it not true that the President today, in his emergency message to the Congress, took pains specifically to point out that the limitation of expenditures ought not to be applied to power, and that he named it as such?

Mr. MURRAY. That is correct. The Senator from Washington made a statement for the RECORD to that effect this afternoon.

Now to destroy the line after it has been almost completed would be a piece of vandalism hard to understand. It would be a flagrant and criminal destruction of property at a time when the country is facing a great emergency.

I cannot understand why anyone would propose completely to destroy a line which has been constructed and will be available for service within the next month. Certainly that is not the proper thing to do.

Furthermore, this action forced on the farmers of Montana will be the beginning in our State of a perpetual feud which will never subside, and in the long run it will be a very costly performance on the part of the power company and a great injury to the citizens of Montana.

When the power company says it will compensate the Bureau for the loss sustained by the destruction of the line, what does it mean? It means that the taxpayers of the country will be called upon to pay for it—not the Montana Power Co. Any funds paid out by the Montana Power Co. to compensate for the destruction of the line, if the courts would permit such a fraud on the Government, would be a deductible item in the company's income-tax reports; and, therefore, the taxpayers of the country would be paying for the loss that would be sustained. Also, Mr. President, the consumers will suffer, because, of course, higher rates will be charged.

If the action of the committee is reversed, the farmers of Montana, who will be the purchasers of the power supplied, will pay every nickel of the costs of the line, and the Government will not lose one cent. At the same time, the Montana Power Co. will not lose anything, either. As a result of the great power development in Montana, it stands to make fabulous profits. This seems evident from the way in which the price of its stocks and securities is jumping up in Wall Street, as I mentioned a few minutes ago.

A further matter to consider is the fact that if the Havre-Shelby line were not completed, and the Government were compelled to sell all its Fort Peck power to the Montana Power Co. at the dump rate of 2.5 mills, the Government would lose annually over a quarter of a million dollars. Without the Havre-Shelby line, it would be deprived of a profit of 3 mills on every kilowatt of power it would be able to sell to the REA's over that line, all of which would go to pay for the cost of the Fort Peck Project and transmission lines and provide for other reclamation projects.

Who will profit by such arrangement? The Montana Power Co. will get the differential between the dump rate and the firm rate for merely providing transmission service to the cooperatives' load centers. It is hard to believe that the Senate would ever condone such a staggering loss to the Federal Treasury in order to provide a profit to private interests.

I might add that, should the company be in the position of being the sole source of supply to the cooperatives, there would be no assurance that the company would provide capacity in its facilities to meet the load requirements, even though it has recently raised the voltage of certain sections of its line. I make this point since I have been informed that the Hill County Cooperative has discussed with the Bureau of Reclamation the possibility of temporarily using the Havre-Shelby line before the substations are complete, to assist in meeting its peak loads this winter, which cannot be provided for by the facilities of the Montana Power Co.

Furthermore, Mr. President, if the Havre-Shelby line is not completed, and if the Government is required to sell whatever facilities it has completed, the private power company will have a monopoly, as I have previously stated on several occasions.

In addition, if the private power company is the sole source of supply of electricity, there is no assurance that it will not raise its rates at a later period of time.

Mr. President, I realize how difficult it is to thrash this matter out on the floor with only a few Senators present. It requires the most careful attention. It seems to me that this matter could be handled more effectively in the conference committee, as has been suggested by the distinguished Senator from Arizona, who is handling this portion of the appropriations bill. I understand that it is the purpose of the Senator from Arizona to have this matter fully considered by the conference committee.

Mr. HAYDEN. That is my desire; and I am quite sure that when we reach the conference we shall have definite information down to date from both the Reclamation Service and the Montana Power & Light Co. in regard to this situation.

Mr. MURRAY. I am glad to know that the Senator from Arizona agrees with me about this matter. This is a most unusual situation. In view of all that the able Senator from Arizona has said, and in view of the facts developed in the Record here today, this matter should be given the most thorough and careful consideration by the conferees on this bill, with the result that the Congress will be prevented from making a serious blunder, costly to the Government, and at the same time will protect the farmers of Montana from a grave injustice by the destruction of this line after it has been almost completed.

Mr. President, the other item which is affected by this matter is the Canyon Ferry-Great Falls transmission line.

Mr. HAYDEN. Let me state briefly what the committee has done in that regard:

The committee concurs with the House in omitting the foregoing transmission lines and substations from the bill.

In addition, the committee recommends that \$365,000 included in the 1951 budget estimate and allowed by the House for the Canyon Ferry-Great Falls 115-kilovolt transmission line and substations be deleted. The committee expects the Reclamation Bureau and the Montana Power Co. to negotiate, giving appropriate weight to the distances involved, a wheeling agreement for the disposal of Canyon Ferry power. If the facts show next year that the company has not acted in good faith, the committee will be willing to recommend appropriations for the construction of these facilities. The Montana Power Co. has given assurances that it will build the Canyon Ferry-East Helena section of the Canyon Ferry-Great Falls line and will include the right to use this line in the agreement being negotiated with the Reclamation Bureau for the use of the company's two existing 100,000-volt lines between Great Falls and East Helena.

Again that is a matter which we shall take to conference. It is involved in the total amount to which this item relates.

I can assure the Senator from Montana that if a proper wheeling agreement of that kind is not made, he will not have to make any argument with me.

On the other hand, if one is made, and if it is made in a manner which is satisfactory to the Bureau of Reclamation—and from what I could learn from the Chief Engineer of the Bureau of Reclamation, the negotiations are now in progress, and those in the Bureau believe they will be fully satisfied with the agreement—then I understand that the Senator from Montana himself will be satisfied.

Mr. MURRAY. Yes. If the transmission line is not carried through as proposed in connection with the appropriations, there should be a wheeling agreement which will prevent the Montana Power Co. from having a monopoly

of the power from the Canyon Ferry project.

Mr. HAYDEN. That is distinctly understood by everyone, and we shall do our best to find out about it.

I hope that at the time when we take up this item in the conference, we can dispose of both of these matters in that way. If it can be handled in the way it was handled in the case of the Southwestern Power Administration and between the Montana Power Co. and the Bonneville Power Administration in reference to power from Hungry Horse Dam, and it can be handled in a way that is fair to both the company and the Government, I hope that will be done.

Mr. MURRAY. Yes. I should like to point out that the action of the Senate committee in eliminating funds for initiating construction of the Canyon Ferry-Great Falls transmission line and substations will have a serious effect on the Canyon Ferry unit of the Missouri Basin project. This unit includes the Canyon Ferry Dam and power plant of 50,000 kilowatts capacity, capable of producing over one-quarter billion kilowatt-hours of salable energy annually.

Senators no doubt will recall the action taken by the Congress several years ago when a restrictive provision barring the installation of generating facilities at Canyon Ferry power plant was contained in the Appropriation Act. It was pointed out last year that this would have a serious effect on the repayment ability of this unit, which should be a heavy contributor toward the repayment of the Missouri River Basin development. The Congress removed this restriction last year after it realized the serious implications involved in eliminating the power-generating facilities.

The elimination of the Canyon Ferry-Great Falls transmission line is of equally serious import. This line is the outlet for power to be produced at Canyon Ferry power plant and will interconnect with the Fort Peck project system at Great Falls, Mont. Should the committee's action be sustained, and the Canyon Ferry-Great Falls line be eliminated from the program of the Bureau of Reclamation, the Montana Power Co. then will be placed in the position of being the only customer or outlet for power to be produced at the Canyon Ferry power plant—unless, as the Senator from Arizona has pointed out, a satisfactory wheeling agreement is reached.

Mr. HAYDEN. That is thoroughly understood by all concerned, I assure the Senator.

Mr. MURRAY. Mr. President, with the understanding that this entire matter is going to be considered by the conferees, it seems to me it is not necessary for me to go much further into this question.

If the company is not willing to lease a portion of its facilities to permit the Bureau of Reclamation to utilize these facilities to integrate its operations with the Fort Peck system and thus provide an outlet for the power there produced, it is obvious that the Government will realize a serious loss in revenue. Under the proposal of the committee, the

Montana Power Co. will construct a segment of line from its East Helena substation to the Canyon Ferry bus bar. This will place the company in a position to monopolize the entire output of the project. Should the company refuse to lease its facilities at a reasonable cost, the only alternative would be to sell the entire output to the company or deliver power over its system under a wheeling agreement. The wheeling agreement would be entirely unsatisfactory, since it would not permit the free integration of energy with the Fort Peck project system, and the annual cost of wheeling one-quarter of a billion kilowatt-hours would be prohibitive unless such costs were merely nominal or were equivalent to a license for the full use of its line capacity.

The other alternative is even more serious. As stated previously, the Montana Power Co. has with the Bonneville Power Administration a firm power contract whereby the company will receive 50,000 kilowatts, delivered at Anaconda, at an average rate of approximately 2.5 mills. The rate for firm power from the Missouri Basin project is 5.5 mills per kilowatt-hour, or a differential of 3 mills per kilowatt-hour between the Bonneville rate and the Missouri Basin rate. The company, being in a position to monopolize the output, would be in a good position to demand an equivalent rate for Canyon Ferry power. If the company should take such a position—and it appears quite certain that it will—the total anticipated revenue from the Canyon Ferry project would be approximately \$600,000 annually. The operating costs and provision for replacement would require approximately \$190,000 annually, leaving a net of \$410,000 annually available for interest and amortization.

Let us analyze the situation further. The tentative allocation of cost to be repaid from power revenues for the Canyon Ferry unit is approximately \$18,200,000. The interest alone for 1 year on this amount at 3 percent would be \$546,000, leaving a net loss of \$136,000 annually to the project, without considering repayment of the original investment. By not approving funds for the construction of the necessary transmission facilities to provide an outlet for power, the Congress manifestly places the Government in such a position that it cannot seek the best arrangement for disposing of Canyon Ferry power at the established Missouri Basin rate.

If such action is sustained by the Congress, it will in effect, be placing the Bureau of Reclamation in such a position that it cannot carry out the provisions of reclamation law requiring repayment under stipulated conditions. Here, again, Congress, by refusing to appropriate a relatively small amount of money to provide these necessary facilities, will be placing the Government in a position to continually lose, year after year, part of the interest on its original investment, and also will deny it any means of returning the investment itself. I think it would be proper to characterize this as a fraud on the United States Government. It is certainly contrary to

the national policy and the intent of Congress that the expenditure of public funds should be made for the sole and exclusive profit of an individual corporation. This is especially true when the returns from such investments as reclamation projects are for the development of the West. The most widespread benefit and use of the projects' products, both irrigation and power, are a part of that national policy.

Upon careful consideration of this matter, the conclusion is inevitable that the funds should be restored for the construction of the necessary facilities to provide an outlet for Canyon Ferry power in order to place the Bureau in the best position to bargain with the Montana Power Co. for the most satisfactory arrangements to dispose of Canyon Ferry power in keeping with reclamation law.

Mr. President, I think this matter cannot be fully and effectively handled on the floor with only a few Senators here. This, again, is a matter which requires careful study by the conference committee when the measure goes to conference. I should like to ask the able Senator in charge of the measure if he does not agree with me in these observations.

This is a matter which has very serious implications, and I am sure that no one would want to see the Government defrauded or imposed upon as a result of any oversight or neglect or failure to give the questions involved the fullest consideration.

Again I should like to ask the Senator from Arizona if it is his intention to have these matters—both the Havre-Shelby problem and the other problem—worked out with proper agreements which will not give the Montana Power Co. the entire advantage and will not destroy the efforts of the farmers to obtain low-cost power on their farms in Montana?

Mr. HAYDEN. That will be our effort, I am sure.

Mr. LANGER. Mr. President, will the Senator yield at this point, to permit me to insert in the RECORD some matters in connection with this item?

The PRESIDING OFFICER (Mr. PEPPER in the chair). Does the Senator from Arizona yield to the Senator from North Dakota?

Mr. HAYDEN. Mr. President, I had promised to yield for a moment to the Senator's colleague, the junior Senator from North Dakota [Mr. YOUNG], to permit him to discuss a matter relating to this portion of the bill.

Therefore, I now yield to the junior Senator from North Dakota.

Mr. YOUNG. Mr. President, in the report of the Committee on Appropriations on the general appropriation bill, 1951, the following appears on page 150:

JAMESTOWN UNIT, MISSOURI-SOURIS DIVISION,
MONTANA-SOUTH DAKOTA

The 1951 budget estimate for this project under phase B (planning) is \$105,000. In view of the recent devastating floods in this area, the committee recommends that construction work on the Jamestown project be started at the earliest possible date. The committee, therefore, has approved the transfer of this project from phase B to phase A (construction) and recommends

that the appropriation be increased from the House allowance of \$105,000 to a total of \$750,000.

Mr. President, I should like to make a statement to the chairman of the subcommittee dealing with Interior Department appropriations and I wish to ask whether he agrees with it:

In order that the record may be clear as to the intent of the Senate, it is my understanding that the Bureau of Reclamation is to proceed at the earliest possible date to construct the Jamestown Dam for flood protection and, because of the urgency of providing this protection for life and property in the city of Jamestown, the Secretary of the Interior should make appropriate allocations of the costs to flood control and other nonreimbursable purposes. The costs of space in the reservoir are to be allocated to irrigation and municipal water supply, to be reimbursable under contracts to be negotiated; but construction of the flood-control features shall not await the completion of these contracts.

Mr. HAYDEN. Mr. President, my answer to the question is yes, because the committee held very careful and extensive hearings on this question. The situation is desperate, and requires prompt action; and the only manner in which it can be properly handled is by means of the action proposed by the Senate committee.

Mr. YOUNG. I thank the distinguished Senator.

Mr. LANGER. Mr. President, will the Senator yield to me at this time?

Mr. HAYDEN. I yield.

Mr. LANGER. Let me say that I join my colleague in regard to the Jamestown Dam.

In addition, I have received telegrams and letters relative to the Havre-Shelby line. I should like to read those communications into the RECORD, if the Senator from Arizona will permit me to do so at this time.

Mr. HAYDEN. Certainly.

Mr. LANGER. The following telegram has come to me from Medicine Lake, Mont., under date of July 7:

MEDICINE LAKE, MONT., July 7, 1950.

WILLIAM LANGER,

North Dakota United States Senator:

At special meeting July 6, 1950, board of trustees passed resolution to the effect that funds be allowed for completion of Havre-Shelby Bureau of Reclamation transmission line. Board definitely against Montana Power Co. buying Bureau line. Transmission lines are vital link in serving REA Co-ops. Montana Power always been hostile. Urge your support of funds to complete Havre-Shelby transmission line. Urge Montana Power Co. be stopped from buying Havre-Shelby line and retarding progress of REA Co-ops. Montana Power would like to control power source and in position to dictate to REA Co-ops.

SHERIDAN COUNTY ELECTRIC Co-OP, INC.

I have also received the following letter:

HUNTLEY, MONT., July 5, 1950.

HON. WILLIAM LANGER,

United States Senate,

Washington, D. C.

DEAR SENATOR LANGER: I sincerely hope the Appropriations Committee approves sufficient funds for the completion of the Havre-Shelby (Mont.) transmission line. This,

and other like projects, must remain in public ownership if our REA cooperatives are to get power at lowest possible cost.

Very respectfully,

PLATO PICKENS.

In addition, I have received the following telegram:

INVERNESS, MONT., July 3, 1950.

Senator WILLIAM LANGER:

Government control and ownership of the Havre-Shelby transmission line is necessary for the existence of our electric co-op. We ask your support to obtain additional funds to complete the line.

Mr. and Mrs. EMIL STROVIK.

Mr. and Mrs. BERNARD STROVIK.

Mr. and Mrs. HOWARD HALL.

I also have a letter from Pendroy, Mont., dated July 7, which reads as follows:

PENDROY, MONT., July 7, 1950.

DEAR SENATOR LANGER: I am insisting that sufficient funds be appropriated for completion of the Havre-Shelby project of the REA.

I think everything should be done to keep REA throughout the Nation every home in the United States of America should have the benefit of electricity and how else will they get it, unless there is a REA. The big companies never worried about farm homes until REA came along.

I want to say, Mr. President, that that is true. At the time I was governor of my own State I could not even get a little line built to the farm home in which my sister lived. It took 7 years to get it, and the price was the great sum of \$1,300, merely for putting in five posts and the wire. If a sister of the governor of the State could not get electrical service, Senators can imagine what chance the average farmer has of getting it. The situation there is disgraceful. The letter continues:

They never put electricity in the farm homes that their lines passed by. So see that the REA has sufficient funds to continue their good work.

That is in connection with the Havre-Shelby project.

I have a telegram from Havre, Mont., reading as follows:

Senator WILLIAM LANGER,

Senate Office Building,

Washington, D. C.:

Urge sufficient appropriations to complete Havre-Shelby transmission lines.

COTTONWOOD FARMERS UNION,

LOCAL 145,

H. J. HANSEN, Legislative Chairman.

I have another letter, from Circle, Mont., dated July 5, 1950, reading as follows:

DEAR SENATOR LANGER: I am sending you my protest against the Montana Power Co. owning our electrical transmission lines. I fully endorse and ask our representatives to help forward the Havre-Shelby and public transmission lines.

My neighbors and fellow citizens of this part of the State are of the same opinion.

Trusting you will give your fullest cooperation in this project, I am

Yours respectfully,

WILLIAM GASS.

I have another letter, Mr. President, also from Montana, from the Park County Trades and Labor Council, Liv-

ingston, Mont., under date of July 3, 1950. It reads:

DEAR SENATOR: The action of the Senate Appropriations Committee in failing to provide funds for completion of Havre-Shelby, Mont., transmission lines project; and the Montana Power Co. offering to buy up the Government's obligations was a terrific shock to all members of our council.

Every one of you Senators remember how the private power companies insisted upon the Government allowing them to build dams, handle the transmission lines; and that they would provide the power necessary, for operation of all plants in the United States.

You well remember, that if the Government had heeded their requests we would have lost the last war, as there was and still is a shortage of cheap power; not alone in the Western States; but in the Middle West and New England States.

Instead of curtailing Government dams and power transmission lines, our council feel that we may be on the verge of world war III and the Government should immediately hasten the construction of more power dams and transmission lines; so that, if war does come, we will not be unprepared.

Therefore the council in regular meeting July 3, instructed me to request your assistance upon the floor of the Senate to see that ample funds are provided for completion of the Havre-Shelby transmission lines; but that you do everything within your power to speed up the construction of all construction work on all dams and transmission lines.

Sincerely yours,

W. J. PRIEST,

Secretary, Park County Trades and Labor Council.

This trades and labor council is made up of the affiliated unions of bakers, barbers, bartenders, boilermakers, carpenters, clerks, retail culinary workers, electricians, firefighters, firemen and oilers, hodcarriers, building and general laborers, lathers, laundry workers, machinists, musicians, painters, operative engineers, plasterers and cement finishers, plumbers, sheet metal workers, State, county and municipal employees, and teamsters. Cooperating, not affiliated: Blacksmiths, carmen, clerks, railway conductors, railway engineers, locomotive firemen and enginemen, letter carriers, trainmen, railway, and typographical.

Mr. President, I have another telegram which is from the Mayor of the city of Havre, Mont., dated July 5, which reads as follows:

HAVRE, MONT., July 5, 1950.

Senator WILLIAM LANGER,

Senate Building, Washington, D. C.:

Request you establish funds for the Bureau of Reclamation to complete and operate the Havre-Shelby transmission lines. This line necessary to progress of north central Montana and bureau operation necessary in order to insure low rate of rural electric cooperative and other public bodies who need low cost power. Please keep faith with the people of Montana who need low-cost power for development of this area.

HARRY SODERBERG,

Mayor, City of Havre, Mont.

Mr. President, I took up with the Department of the Interior, through the Bureau of Reclamation, every one of these communications. I have here a letter dated July 13, 1950, which I desire to read into the RECORD. It is signed by the Acting Commissioner, and reads as follows:

MY DEAR SENATOR LANGER: Reference is made to your letter of July 10, advising that the board of trustees, Sheridan County Elec-

tric Cooperative, Inc., Medicine Lake, Mont., has passed a resolution urging that funds be allowed for completion of the Havre-Shelby Bureau of Reclamation transmission line.

I call this particularly to the attention of the members of this committee:

As of July 10, 1950, 10½ miles of this transmission line had been completed and practically all material required for its construction has been delivered on the site. The contractor's schedule calls for completion on September 6, 1950.

Mr. President, that is a matter of but 6 weeks from now. In 6 weeks it is going to be done, if it is not stopped by the Congress. The letter continues:

However, it is with deep regret that I inform you that the Senate Appropriations Committee has not only failed to provide funds for fiscal year 1951 for the completion of this line but also has stipulated that any money not obligated out of 1950 appropriation be returned to the Treasury.

This action by the Senate Appropriations Committee, if sustained by the Congress, would prohibit the completion of the Havre-Shelby Transmission Line by the Bureau of Reclamation and would be a very serious blow to the cooperatives who are relying on the completion of this line to meet their power requirements.

He says, Mr. President, that it would be a very serious blow. Then he goes on to say:

Furthermore, if the Bureau of Reclamation cannot complete these facilities it will result in a direct loss to the Government of from \$600,000 to \$1,000,000 as a result of having to terminate construction and material contracts already in force. In addition, if the Havre-Shelby line is not constructed by the Government the Fort Peck project will lose a principal outlet for firm power. This may well result in requiring the project to sell firm power which has a value of 5.5 mills per kilowatt-hour at a rate for dump energy, or 2.5 mills, a loss of 3 mills. After the load has been built up over a period of 10 years, it will result in an estimated annual loss of almost \$250,000.

If construction is permitted to proceed—

For which my distinguished friend from Montana has so eloquently argued—

If construction is permitted to proceed repayment of the costs of these facilities are assured.

I say to my friend from Montana, how are we saving one single penny? It is said that we are saving a million dollars when, as a matter of fact, the Bureau of Reclamation says:

If construction is permitted to proceed repayment of the costs of these facilities are assured. The original repayment studies indicated pay-out with an investment of \$2,800,000, which has now been reduced to \$1,995,000, as a result of very favorable bids. The Government's investment will be amply protected under these circumstances.

Sincerely yours,

KENNETH MARKWELL,

Acting Commissioner.

Mr. President, I submit that here is a project which will be completed by September 6, approximately 6 weeks. Certainly Congress ought to be jealous of the fact that by previous action it has authorized its construction. It has led thousands of farmers to believe that REA would control the transmission line. We have spent millions of dollars to build the Fort Peck project, and certainly every taxpayer in the country, whether

he lives in Montana or in some other State, ought to be anxious to see to it that no single outfit, such as the Montana Power Co. or any other, should have a monopoly on that power. Certainly after the Government has spent all this money to build the dam, we should spend more money to build a transmission line to get the power to the farmers, because that, in essence, is the entire REA program.

I yield the floor.

Mr. MURRAY. Mr. President, I ask unanimous consent to have inserted in the RECORD a group of telegrams which I have received from persons in Montana. The first telegram is from the Governor of Montana, which reads as follows:

HELENA, MONT., July 14, 1950.

HON. JAMES E. MURRAY,
United States Senate,
Washington, D. C.:

I sincerely hope you are successful in your fight for the restoration of the Shelby-Havre transmission line before the United States Senate. I was keenly disappointed that the Appropriations Committee eliminated this line because it is of vital necessity to the people of this State. We need this line if Montana is to prosper and I feel so deeply about it that I made a State radio address the day before yesterday urging the people to wire you urging that the Senate restore the appropriations for the line. The response which I have received because of the radio address has been most gratifying and I assume that you have received many telegrams of the same nature. Best wishes for your success in this most worthy endeavor. Regards.

JOHN W. BONNER,
Governor of Montana.

Mr. President, I ask that the other telegrams which I hand to the official reporter may be printed in the RECORD at this point.

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

GREAT FALLS, MONT., July 12, 1950.

Senator JAMES E. MURRAY,
Washington, D. C.:

Urge you to use all your influence to secure funds for completion of Havre-Shelby and Canyon Ferry transmission lines. This plea comes from more than 300 farm families and REA patrons meeting in Great Falls tonight whose welfare is at stake. We demand an end to the exorbitant power rates now levied by a private power company that takes Government power from Fort Peck at a low rate and sells to our rural electric cooperatives. Give us a chance to live decently with low-cost power and lights on our farms.

CASCADE COUNTY FARMERS UNION,
FRED NICHOLSON, Jr., Secretary.

GREAT FALLS, MONT., July 15, 1950.

Senator JAMES E. MURRAY,
Washington, D. C.:

Saving the Havre-Shelby and Canyon Ferry Government power transmission lines is vitally important to thousands of farm families in northern and central Montana who are dependent on rural electric cooperatives for their power and lights. These Montana people need low-cost power to enable them to stay on their farms and live decently. They also need low-cost power to make their cooperatives pay out. As taxpayers they are entitled to access to Government energy available at Fort Peck and Canyon Ferry on an equal basis with other power users, and that means freedom from exorbitant middleman charges by private power companies. The

Havre-Shelby transmission line is a self-liquidating project designed to bring cheap Fort Peck power to the people in northern Montana. Destroying that Government power line will put the people in the area at the mercy of the Montana Power Co. in the years ahead. The announced reduction in rates by the company carries retarding conditions that more than offset the announced improvement in costs and forecloses on further advantages for the people now demonstrated by the Bonneville Power Administration and TVA. The Canyon Ferry line will firm up farm power in central Montana and bring the same benefits for patrons of rural electric co-ops as the Havre-Shelby line. Furthermore, land improvement through irrigation will be considerably increased through more low-cost power.

Irrigation planned in the Helena Valley, Crow Creek, and Chestnut Valley will be well-nigh eliminated if Government sale and distribution of power from Canyon Ferry is stopped. Irrigation phases of the project are feasible only through the revenue possible from sale of Government power and a schedule of low power rates for pumping water: The one to make the whole project pay out and the other to make it possible for farmer to operate irrigation pumping stations without going bankrupt. Congress contemplates no additional appropriation for irrigation, we are told, and there is little hope for such action in the foreseeable future. The charge that more Government power lines means duplication of lines is not a fair nor accurate argument because present distribution facilities are not able to deliver firm power to all customers, and the power demands in Montana are increasing every year. There is need for much more Government generation and distribution of hydroelectric energy in the State, and even a considerable increase in Government power facilities would still leave ample opportunity for existing private power companies.

Besides blocking the low-cost power program in Montana, the efforts of the Montana Power Co. against the Government transmission lines, if successful, will seriously impede further irrigation developments.

Great numbers of Montana farm people are depending on your able leadership and the efforts of your coworkers to restore the funds for the Havre-Shelby and Canyon Ferry lines.

LEONARD KENFIELD,
Editor, Montana Farmers Union News.

HELENA, MONT., July 7, 1950.

HON. JAMES E. MURRAY,
United States Senate,
Washington, D. C.:

Urge that nothing be put in the way of construction and completion of the Havre-Shelby transmission line because it is of vital importance to the people of this State. Its abandonment would be a serious blow to the prosperity of Montana and the future growth of Montana.

JOHN W. BONNER, Governor.

BUTTE, MONT., July 13, 1950.

Senator JAMES E. MURRAY,
Washington, D. C.:

Rocky Mountain Sportsmen's Association, being fully cognizant of what completion and operation of Havre-Shelby lines as a public-power project means in ensuring a large and stable supply of inexpensive power for Montana industry and consumers alike, urges that necessary appropriations for this project be restored by the United States Senate. Havre-Shelby, Canyon Ferry, Hungry Horse, and other public-power projects, when completed and in operation, will prove Montana's greatest attraction to out-of-State industries. In providing low-cost power for their operations, this in turn means thousands of new jobs for Montana workers, a greatly expanded market for the

products of Montana farmers, and little-business men, and likewise a greatly broadened tax base so vitally needed for successful operation of Montana schools, city, county, and State governments.

ROCKY MOUNTAIN SPORTSMEN'S
ASSOCIATION,
JOHN STANTON, President.

CORVALLIS, MONT., July 13, 1950.

Senator JAMES E. MURRAY,
Senate Office Building,
Washington, D. C.:

Urge no eliminating of funds appropriated for Havre-Shelby transmission line. This line necessary to serve electric energy in the State of Montana for developments.

PAUL BRISSONNEAUD.

CHINOOK, MONT., July 13, 1950.

Senator JAMES E. MURRAY,
Senate Building, Washington, D. C.:

Request that you use all possible means to keep the Havre-Shelby transmission line from falling into the hands of private utility interests. Be sure that funds to complete this line are added to the budget. Do not let these utilities take this line as it will mean a tremendous loss to the taxpayers whose money is invested in the Fort Peck Dam and who stand to gain by the sale of Fort Peck power at 5.5 mills to REA instead of 2.5 mills to the Montana Power Co. We ranchers and farmers served by REA lines realize that without public power we would never have the advantage of electricity we now have. Do not let private interests rob those of us who do not yet have electric service. We know this is a difficult battle but you have our endless support.

Tom Ness, D. L. Murphy, John Scott, Harold A. Haive, Author Dahl, Edward Dahl, R. D. Doughton, Rudolph Block, Arthur W. Campbell, A. E. Cole, Thos. Staff, Ole Eklong, Jas. Spencer, H. A. Marsh, Leo Gist, Geo. Vandeven, Arthur C. Jacobsen, Jess Conrad, Charles Pancretz, John Redekap, Chas. Greenburg.

HELENA, MONT., July 12, 1950.

HON. JAMES E. MURRAY,
United States Senate:

We, the undersigned, respectfully request that sufficient appropriations be made to complete the Havre-Shelby power-transmission line, and that the Federal Government operate this power line permanently in the interests of the people of Montana.

Marian Covington, Gussie Chapman, John E. Sasek, Harry Norton, Francis Small, Elizabeth Hawks, Ruby Lee, Joseph Casey, Mr. and Mrs. E. W. Pruttis, Lucy T. McLemore, C. C. Covington, Caroline Christian.

HELENA, MONT., July 12, 1950.

Senator JAMES E. MURRAY,
Senate Office Building:

Appropriation for Havre-Shelby transmission line as a public project last year gave new hope to REA cooperatives and farmers of Montana. It must not be allowed to be abandoned as it approaches completion. Do everything possible to have the appropriation for construction of this vital project restored.

LEE METCALIF.

SHELBY, MONT., June 30, 1950.

Senator JAMES E. MURRAY,
Washington, D. C.:

DEAR SENATOR MURRAY: This cooperative has been advised that the Montana Power Co. is offering to buy and is trying to secure control of the Havre-Shelby 115-kilovolt transmission line and facilities now under construction by the Bureau of Reclamation. The contractor expects to have this line completed by October 1 of this year. The mem-

bers of this cooperative are strongly opposed to any action that would take control of this line from the Reclamation Bureau and place it in the control of the Montana Power Co. or any private utility. According to sworn testimony of Montana Power Co. officials in previous hearings before your committee, the Havre-Shelby transmission line is entirely unfeasible and is an indefensible waste to taxpayers money. Now we are informed the same Montana Power Co. offers to buy out the contractor, the Reclamation Bureau and the United States Government itself insofar as the aforesaid line is concerned. The complete reversal of power company statements and action at this time amounts to an admission that it was wrong in its previous testimony, and establishes beyond question that the Havre-Shelby line will, upon construction, become a very valuable asset and a key to open up the resources of the area in eastern Montana, and will be the means of giving the people of this area a plentiful supply of low-cost electric energy. In view of the value and importance of this transmission line and its facilities, it becomes apparent that it would be an indefensible act to turn it over to any private utility. In an address given by Regional Director Vernon last fall in Havre, the statement was made that this line will pay for itself and return to the people of the United States a surplus of many millions of dollars. This plain fact explains the desire of the Montana Power Co. to secure control of the line. The membership of this cooperative strongly urges the Congress to continue in force appropriations already made for this line as it is critically needed in this area.

Respectfully yours,

E. J. BYRNE,
Vice President, Marias River Electric Cooperative.

SHELBY, MONT., June 30, 1950.
Senator JAMES E. MURRAY,
Washington, D. C.:

This cooperative has been advised that the Montana Power Co. is offering to buy and is trying to secure control of the Havre-Shelby 115-kilovolt transmission line and facilities now under construction by the Bureau of Reclamation. The contractor expects to have this line completed by October 1 of this year. The members of this cooperative are strongly opposed to any action that would take control of this line from the Reclamation Bureau and place it in the control of the Montana Power Co. or any private utility. According to sworn testimony of Montana Power Co. officials in previous hearings before your committee, the Havre-Shelby transmission line is entirely unfeasible and is an indefensible waste of taxpayers' money. Now we are informed the same Montana Power Co. offers to buy out the contractor, the Reclamation Bureau, and the United States Government itself insofar as the aforesaid line is concerned. The complete reversal of power company's statements and action at this time amounts to an admission that it was wrong in its previous testimony, and establishes beyond question that the Havre-Shelby line will, upon construction, become a very valuable asset and a key to open up the resources of the area in eastern Montana, and will be the means of giving the people of this area a plentiful supply of low-cost electric energy. In view of the value and importance of this transmission line and its facilities, it becomes apparent that it would be an indefensible act to turn it over to any private utility. In an address given by Regional Director Vernon last fall in Havre, the statement was made that this line will pay for itself and return to the people of the United States a surplus of many millions of dollars. This plain fact explains the desire of the Montana Power Co. to secure control of the line. The membership of this cooperative

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strongly urges the Congress to continue in force appropriations already made for this line as it is critically needed in this area.
Respectfully yours,

DON HELLINGER,
President, Marias River
Electric Cooperative.

HAVRE, MONT., July 11, 1950.
Senator JAMES E. MURRAY,
Senate Office Building,
Washington, D. C.:

Bureau of Reclamation contractor on Havre-Shelby line personally informed me today that construction is proceeding and by end of July 53 miles of poles will be erected, 58 miles of poles framed, 63 miles of poles hauled. Also wire stringing will start soon, not later than August 1. All material on the job for this 99-mile line. Line will be complete about September 15, 1950. All persons contacted on our REA project by letter. Everyone urges that this line be completed, owned, and operated by Bureau of Reclamation, not Montana Power. Labor unions, farmers' unions, REA cooperatives, and other persons interested in this line urgently request that the appropriations requested by the Bureau for completion of this line be granted. Request you carry the fight as far as necessary. The people of Montana want this line to remain as the key to the development of Montana's resources and for military defense if the need be.

HAROLD C. EBAUGH,
Manager, Hill County
Electric Co-op, Inc.

KALISPELL, MONT., July 12, 1950.
Senator JAMES E. MURRAY,
Senate Office Building,
Washington, D. C.:

The board of trustees of the Flathead Electric Cooperative Inc. urge appropriation of necessary additional funds for completion of the Havre-Shelby transmission line. We respectfully call your attention to the necessity of this line. Even Montana Power Co. now admits this when they believe transmission line within their control. This evidence alone is enough to condemn these people and their plans to own or control this and other transmission lines in the State of Montana that are needed for the development of Montana through abundant low-cost power. We ask construction of this line in order that wholesale power may be made equally available to the cooperatives as it is to the Montana Power Co.

Let this point be definite and clear once and for all. The cooperatives unlike Montana Power Co. do not want monopoly of power. They only demand an equal right to the power resources of the Nation which in this case is only possible through the construction of the Havre-Shelby transmission line. This is not a gift if Montana Power can pay out here cooperatives will do equally well.

Our people, as citizens of Montana and the United States have this right of development and use through the facilities of our Government when necessary. Will you grant them this right?

Respectfully,

CHAS. A. GREEN,
President, Flathead Electric Cooperative, Inc.

HELENA, MONT., July 12, 1950.
Hon. JAMES E. MURRAY,
Senate Office Building,
Washington, D. C.:

Western Montana council for CVA vigorously opposes abandonment of Havre-Shelby transmission line. The line is a vital link in providing service for northern Montana ranches and towns and tends to prevent complete monopoly control of power re-

sources of the State. Sincerely hope congressional action will not stop the completion of the line which is already under construction.

LEIF ERICKSON.

Mr. MURRAY. Mr. President, I have another large batch of telegrams which I shall not ask to have printed in the RECORD, but I should like to have the names of the senders of the telegrams printed in the RECORD.

There being no objection, the names of the senders of the telegrams were ordered to be printed in the RECORD, as follows:

Hazel D. Pilgeram, secretary and treasurer, Armington Farmers Union, Bell, Mont.
A. L. Nicholls, Uim, Mont.
Robert E. Brown, Butte, Mont.
Mr. and Mrs. Ralph E. Salisbury, Flowerre, Mont.
Ralph E. Clark, Shaw, Mont.
Mr. and Mrs. B. F. Cooper, Simms, Mont.
Missoula Electric Cooperative, Inc., Missoula, Mont.
Representative Walter Laas, Chester, Mont.
Liberty County Times, Chester, Mont.
Mary M. Condon, State superintendent of public instruction, Helena, Mont.
Darby O'Brien, Chester, Mont.
Charles C. Smith, president, Mussellsell County Farmers Union, Roundup, Mont.
J. M. Glass, chairman of Farmers Union Local, Lewistown, Mont.
Don W. Chapman, Montana Farmers Union, Great Falls, Mont.
Claude M. Johnson, Stevensville, Mont.
Joe Hackett, Stevensville, Mont.
Sheridan County Farmers Union, Irvin V. Peterson, Plentywood, Mont.
R. J. Lewis, county chairman, Fergus County Farmers Union, Lewistown, Mont.
Representative Robert S. Cotton, Glasgow, Mont.
Richard Shipman, president, Montana MVA Association, Lewistown, Mont.
Cecil O. Burdick, Brady, Mont., chairman, Pondera Legislative Committee Farmers Union.
Pat C. Sullivan, secretary, Plumbers State Association, Butte, Mont.
Eddie J. Williams, secretary; Aaron R. Shull, assistant secretary, Montana Transmission Electric Cooperative, Inc., Lewistown, Mont.
Ted Skornogoski, legislative chairman, Daniels County Farmers Union, Scobey, Mont.
Charles A. Banderob, legislative chairman, Huntley Project Local, Huntley, Mont.
Fred C. Kuehne, Big Fork, Mont.
Mrs. Andrew Dahl, public relations director, Sheridan County Co-op, Inc., Plentywood, Mont.
J. Harry Wilson, Stanford, Mont.
William H. Sennett, manager, Park Electric Co-op, Livingston, Mont.
Andrew Dahl, State senator, Sheridan County, Plentywood, Mont.
Claude Hockham, president of Emigrant Farmers Union, Livingston, Mont.
Henry Marken, chairman, Swan River Farm Union, Bigfork, Mont.
Mr. and Mrs. Charles Mills, Inverness, Mont.
Bruce L. Packer, Inverness, Mont.
Mr. and Mrs. Edgar Lincoln, Rudyard, Mont.
Martha Packer, Havre, Mont.
Berger Johnson, Joplin, Mont.
Kenneth Bangs, Inverness, Mont.
Ben Shand, Cartersville Local Farmers Union, Cartersville, Mont.
F. J. Brietbach, legislative chairman, McCone County Farmers Union, Circle, Mont.
Mr. and Mrs. Emil Storvik, Mr. and Mrs. Bernhard Strovick, Mr. and Mrs. Howard Hall, Inverness, Mont.

Harry Soderberg, mayor, city of Havre, Mont., Havre, Mont.
Ole Wee Larslan, North Valley County, Glasgow, Mont.
State Senator David F. James, Joplin, Mont.

Devon Farmers Union, Devon, Mont.
John Evanko, junior secretary, Cascade County Trades and Labor Assembly, Great Falls, Mont.

F. L. Schnebly, president, Harold Thielman, secretary, Farmers Union, Local No. 181, Chester, Mont.

Ralph F. Cook, Belt, Mont.
Mr. and Mrs. Ronald Haltz, Floweree, Mont.
Bertha P. Maki, Great Falls, Mont.

Lee Roy Smith, Mrs. Audrey Smith, Harold Hardinger, Hazel G. Hardinger, Belt, Mont.
Harvey Talvi, secretary-treasurer, Willow Belt Farmers Union, Great Falls, Mont.

Leland S. Davis, Vaughn, Mont.
Harvey Talvi, Belt, Mont.
John Geikkila, Belt, Mont.

E. W. Chapman, president, Montana Farmers Union, Great Falls, Mont.

W. H. Oldenberg, manager, Lincoln Electric Cooperative, Eureka, Mont.

Ed Cozad, secretary-treasurer, Missoula County Central Trades & Labor Council, Missoula, Mont.

Mr. and Mrs. F. B. Potts, Missoula, Mont.
Mineral County Democratic Club, Superior, Mont.

Edwin Buck, Sr., Corvallis, Mont.
E. K. Babcock, Great Falls, Mont.
Lester Rutledge, Sandy, Mont.

Harmon E. Dickey, chairman, Buffalo Rapids Local Farmers' Union, Glendiv, Mont.
Anton B. Smale, chairman, Legislative Committee, Local No. 72, East Helena, Mont.

Robert C. Weller, secretary, Montana District Council, Lumber and Sawmill Workers' Union, Kallispell, Mont.

Arnold H. Olson, attorney general, Helena, Mont.

Ernest Salvas, president, Deer Lodge Miners Union, Local No. 834, IUUM&SW, Butte, Mont.

Hugh Adalr, Helena, Mont.
John W. Swackhamer, Missoula, Mont.
Leo C. Graybill, speaker, Truman G. Bradford, mayor, Great Falls, Mont.

Resner Blikken, president, Montana State Rural Electric Co-op Association, Ophelm, Mont.

Wesley W. Wertz, chairman, Democratic County Committee, Helena, Mont.

A. S. Lattin, secretary, Local No. 39, Fairfield, Mont.

Northern Electric Co-op, Inc.
William Mason, executive board member, District, No. 1, International Union of Mine, Mill and Smelter Workers, Butte, Mont.

Shelby Chamber of Commerce, Fred Pfann-smith.

Miles Romney, Glen Varner, Curtis C. Cook, Gilbert Jellinek, Hamilton, Mont.
Grant Flange, Galata, Mont.

Union Elevator Co., Galata, Mont.
Feder Underdal, Galata, Mont.
Oli C. Brevik, Devon, Mont.

E. L. Nordberg, Whitehall, Mont.
Charles M. Curfman, Devon, Mont.
Henry Halverson, Devon, Mont.

Louis Kanning, Devon, Mont.
Peder Tuvdet, Devon, Mont.
Ote Simmerstad, Devon, Mont.

Raymond Zelenka, Devon, Mont.
Fred Finger, Devon, Mont.
A. L. Arsen, Devon, Mont.

Darwin Snuffer, Devon, Mont.
John Englund, Devon, Mont.
J. M. Larsen, Devon, Mont.

Nils I. Fredrickson, Devon, Mont.
Elmer C. Chilbers, Devon, Mont.
Quinten Larsen, Devon, Mont.

Bradford Skinner, Devon, Mont.
Clara G. Prestbye, secretary, Kallispell Farmers' Union, Local No. 153, Kallispell, Mont.

Edward Fenske, Whitefish, Mont.

Florence Slethaug, legislative chairman, Swan River Farmers' Union Local, Creston, Mont.

J. H. White, Devon, Mont.
Mr. and Mrs. Melvin Adamson, Devon, Mont.

Mrs. Gorden Twedt, secretary, Black Coulee Farmers' Union, Rudyard, Mont.
Emmers Berg, Berg Motors, Chester, Mont.

Hanson Electric, Cliff Hanson, Chester, Mont.

William Rambo, Hingham, Mont.
Eriand L. Olson, Alberton, Mont.
Frank J. Lochdutton, Great Falls, Mont.

N. J. Dougherty, secretary-treasurer, Montana Farmers' Union, Jamestown, N. Dak.
Vigilante Electric Cooperatives, Dillon, Mont.

Riley W. Childress, Galata, Mont.
Flora E. Wright, Silver Star, Mont.
Ole Sanvik, Kallispell, Mont.

L. J. Schaefer, Chester, Mont.
John Swank, Chester, Mont.
Mr. and Mrs. Elmer Sathre, Mr. and Mrs. Guy Nelson, Havre, Mont.

Mr. ECTON. Mr. President, I think we have all received hundreds of telegrams with reference to this item in the bill. I wonder if the able Senator from North Dakota [Mr. LANGER] and my colleague from Montana [Mr. MURRAY] would like to hear a telegram which I received from Livingston, Mont. The Senator from North Dakota mentioned a long list of persons and read a very long telegram. I also have a telegram from Livingston, Mont, which I think will explain why so many telegrams were sent with reference to this particular line. The telegram is dated July 12, 1950, and reads as follows:

LIVINGSTON, MONT., July 12, 1950.
Hon. ZALES N. ECTON,
Senate Office Building,
Washington, D. C.:

Impelled by MVA and western council of CVA broadcasts am wiring you urging that you continue to back action of Appropriations Committee and the standing taken by the International Brotherhood of Electrical Workers as well as CIO in cutting appropriations for Havre-Shelby line and Canyon Ferry-Great Falls line, which would only be duplicating existing lines at expense of taxpayers and throwing Government into competition with free enterprise. Labor eagerly watching this in Montana.

WILBUR M. RANEY,
Business Manager,
Local Union No. 341, IBEW.

Mr. President, that explains why there has been an avalanche of telegrams sent here to Senators representing other States, with reference to this line.
Mr. MALONE. Mr. President, will the Senator yield?
Mr. ECTON. For what purpose?
Mr. MALONE. For a statement.
Mr. ECTON. Mr. President, I ask unanimous consent that I may yield to the Senator from Nevada to make a statement without losing my right to the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator from Nevada may proceed.

IMPORTANCE OF REORGANIZATION IN WINNING THE WAR

Mr. MALONE. Mr. President, we are committed to the Korean war, and we shall all make any sacrifice to win that war. That does not, however, take one iota from the stigma of the stupidity on

the part of our officials who made it necessary for us to get into this predicament.

The President has asked for \$10,-000,000,000 as a starter. We will ask the taxpayers for that amount, but no one is naive enough to believe it is the final cost. We still have no definite foreign policy. We will, I hope, scrutinize very carefully any blanket authority since he has shown little judgment in past performances in such matters.

Mr. President, the junior Senator from Nevada in an address delivered on this floor on March 4-5, 1948, said:

PEACE AND SAFETY OF THE UNITED STATES

1. The peace and safety of this Nation is seriously threatened, through the complete absence of a definite foreign policy, telling our own people and the nations of the world what we consider will threaten our ultimate peace and safety, and the complete absence of a military organization spearheaded by an air corps to enforce our pronouncement.

2. The basic subject of foreign policy has never been discussed with the American people, through two world wars, and now the Marshall plan is in the same category. The basic subject at issue (as it was in 1823 when the Monroe Doctrine was established to protect South America and the Western Hemisphere from encroachment from the European empire-minded nations) is what areas—and naming the nations in the European and Middle East countries, including Asia and the South Seas—is it necessary for us to currently protect for our own ultimate safety? Until this decision is made no plan to make it effective can be intelligently discussed.

I challenge the State Department to name the nations of the 56 member countries of the United Nations organization, whose integrity we must currently protect for our own ultimate safety, to tell the world and the American people the truth, so that any empire-minded nations may be apprised of our intentions and thus avoid what could well develop into a third devastating world war, and that our own people may prepare for their own defense, through rebuilding our military organization spearheaded by an air corps that could keep any other nation on the ground in the event of war.

HUNGRY PEOPLE—COMMUNISM—REHABILITATION OF INDUSTRY

3. It is impossible to consider the feeding of hungry people—the stopping of communism—and the rehabilitation of industry as one subject. We only confuse ourselves.

As a result we mix our emotions with the facts and become unwilling victims of the greatest propaganda machine ever established in Washington; let us take them one at a time:

(a) Feeding emergency hungry people of Europe or of any other area is a matter of charity and must be so considered apart from other considerations. The Congress of the United States has appropriated nearly \$1,500,-000,000 during the last 12 months for that purpose alone, and has appropriated \$24,000,-000,000 and handed it to the nations of the world without hope of repayment since the close of World War II in 1945.

The December 1946 appropriation of \$597,-000,000 is expected to last into March of this year; and the Congress is ready to consider further reasonable gifts for food, until Europe completes its third crop, to the extent that our own resources will withstand the impact without further inflation.

(b) Stopping communism through protecting the integrity of the nations of the world that we decide, after full discussion and study, we must currently protect for our own ultimate safety, is a matter of our own

integrity and frankness with our own citizens—and with the nations of the world.

If we should decide, after full consideration of our experience through two world wars—and our improved methods of defense and offense—that a threat to the integrity of any member nation of the United Nations organization, by any other nation would constitute a threat to our ultimate safety—then President Monroe's exact words could be utilized in announcing an extension of the established Monroe Doctrine, leaving out any reference to the Western Hemisphere, and say, in effect, to the world and to the American people that:

"We owe it therefore to candor, and to the amicable relations existing between the United States and those powers, to declare that we should consider any attempt on their part to extend their system, as dangerous to our peace and safety."

We should then build at once a military force, spearheaded by an Air Corps that would bear silent evidence to all concerned that we were ready and able to enforce the extended doctrine, just as we have enforced the original Monroe Doctrine covering the Western Hemisphere for more than 125 years, and which kept us out of a major war for more than 75 years.

The Congressional Air Policy Board has recommended a long-range military plane purchase program, which would provide a 35,000-plane striking force costing \$16,800,000,000 over a 5-year program. The President's Air Policy Board's recent report closely parallels this document.

The Armed Services Committees of Congress should immediately check these reports and if found correct recommend their adoption and the appropriation of the necessary funds by the Congress of the United States for the entire 5-year program.

Congress could apply the Marshall plan 4-year funds of \$17,000,000,000 to the \$16,800,000,000 5-year plane purchase program and have approximately enough left to continue the necessary European nations' feeding program until they raise a third crop and to furnish the necessary funds to the RFC or the World Bank for the rehabilitation of the European nations' industry under the Reconstruction Finance Corporation rules, as applied to American citizens.

(c) The rehabilitation of the industries of the 16 Marshall plan European countries, entirely separate from feeding hungry people, can then be accomplished as a purely business transaction in the same manner as such industrial plants were financed in this country by the Reconstruction Finance Corporation during depression and World War II years.

A reasonable amount of money, say \$1,000,000,000, could be appropriated and made available to the RFC or to the World Bank for that specific purpose, simply providing that the RFC rules and regulations be applied to any foreign-business loans.

Their rules provide for an investigation of the feasibility of such an industry by an experienced investigator in the respective field, with an estimate of cost, together with a list of the needed machinery and supplies. They further provide for a lien or mortgage to be taken on such equipment—the stock or shares of the existing organization to be hypothecated as additional security for such loan, and then the signature of the applicant is required.

It will prove a pleasant surprise to both the Congress and to the State Department the relatively small amount of funds that the European nations will require for industrial plant refinancing, if such loans must be secured on a business basis.

4. The entire thesis and point of my argument is that the feeding of hungry people, whether located in this or any other nation—the international policy of protecting the integrity of foreign areas in the interest of

our own ultimate safety—and the rehabilitation of industrial plants in such foreign nations, must be considered separately to make sense and to be understood by our own people.

The extent that we can and should feed the hungry people of the world—and the amount of money we may loan for rehabilitation of industrial plants on a business basis throughout the world—is the particular business and responsibility of the Congress of the United States—while the international policy, the determination of the areas and nations of the world that we must currently protect for our own ultimate safety is a State Department matter.

Mr. President, just common, ordinary horse sense would dictate that the executive branch of our Government, which is charged by the Constitution with fixing foreign policy, would do just that within the 5 years since the close of World War II and prepare to defend the doctrine established. No one, least of all the State Department, seems to have any definite idea of what lies ahead.

Mr. President, the junior Senator from Nevada insists that the proper procedure at this time is for the Secretary of State, Dean Acheson, to resign because of his stupid bungling in foreign policy which has brought this country to its present plight.

The Department which carries on our diplomatic relations should be completely reorganized.

In World War I, when the fighting was toughest for the British, the scandal of ammunition shortage and incompetent thinking by the top officials caused a collapse of the Government and put Lloyd George in power. Thus, there is a good precedent for reorganizing to win.

There is little confidence in Secretary Acheson or the State Department anywhere in this country, either to keep us out of war or to win such a war with a minimum cost in lives and property once we are committed.

REPORT OF AVIATION COMMITTEE, 1948

Mr. President, at that time there was a report available from two aviation committees, one appointed by the President and one appointed by the Congress of the United States. They agreed that approximately \$17,000,000,000 was necessary to be spent over a period of 5 years to build an air corps that could keep any nation on the ground that doubted our ability to defend the areas named as important to our ultimate safety, and to put the foreign nations on notice so that they would not try out their strength to see what we would do in such a case.

UNPLEASANT EXPERIENCES WITH STATE DEPARTMENT

The many unpleasant chapters of American diplomacy in the Far East, of which Korea is the latest but probably not the last, are the direct sequel to amateurish bungling, which, in retrospect, actually seems to have been designed to make the Communists dominant in Asia. Very recently we were informed by a prominent State Department official that a group in our State Department believed that a dose of communism would be "good for Asia." These men are still in responsible positions in our Government.

The junior Senator from Nevada wonders if the attachment of some of our State Department officials, including Secretary Acheson, for Great Britain had its basis in the fact that those officials approved Great Britain's assistance to the Communists.

Mr. President, let me read a brief news item. It is an Associated Press dispatch which appeared in the Philadelphia Evening Bulletin and other newspapers on July 17:

HONG KONG, July 17.—Shipping between Hong Kong and Communist China is stepping up.

About 20,000 tons of cargo is scheduled for Shanghai, Tientsin and Tsingtao within the next few days.

The cargo is mainly industrial chemicals, paper, copper wire, steel bars, cotton, medical supplies, and petroleum.

Shippers here are reported looking forward to full-scale resumption of trade with Red China now that the Chinese Nationalists air and sea arms have been restricted in their operations against the Chinese mainland by presence of the United States Seventh Fleet in the Formosa Strait.

OUR FLEET STOPPING NATIONALIST CHINA'S INTERFERENCE WITH ENGLAND'S SHIPMENTS OF WAR MATERIAL TO COMMUNIST CHINA

It will be well to remember that the President's direct orders were for the Seventh Fleet to stop the Nationalist Government from interfering with this shipping (England's shipping of war material to Communist China). Therefore, it is understood that "20,000 tons in a few days" would make up a lot of steel bars, copper wire, medical supplies, cotton, and petroleum that are necessary for these areas to ship on to North Korea to use against American troops.

Today's Wall Street Journal says:

Britain announced she has shut off all oil shipments to Communist China.

Apparently she is still furnishing the Communists with chemicals, paper, copper wire, steel bars, and cotton, as well as other supplies, all of which are necessary to continue the war in Korea.

JOINT RESOLUTION TO STOP AID TO RUSSIA

Mr. President, I may mention further that on January 24 of this year the junior Senator from Nevada introduced a joint resolution which would have stopped any assistance from this country to any of the 16 Marshall-plan countries who furnished war materials or materials which would be helpful in consolidating the gains of the Communists and in preparing them for world war III in eastern Asia and China. Mr. President, that joint resolution is still buried in a Senate committee controlled by the Democratic Party.

Mr. President, those treaties are still in full force and effect, and no indication has been had that those countries are not shipping goods as usual. Those goods include all the materials, such as ball bearings, tool steel, and electrical equipment, heavy road machinery to build roads and airports, and heavy farm machines to step up food production. They include all the material that is necessary for the Russians to consolidate their gains and to fight world war III with us. It is the State Department that has said Russia is backing the North Koreans in this war.

Mr. President, these shipments have been going forward for 5 years, and are still being delivered to Russia and the iron-curtain countries. We say we are going to contain Russia. Contain her with what? By shipping her every known material that we have in the United States of America and in the 16 Marshall-plan countries to whom we are furnishing the industrial machinery with which to make all kinds of war material. That is the State Department's idea of containing Russia.

DIPLOMATS GET US INTO WARS

Someone once said that our diplomats get us into wars and our Armed Forces fight them. In our present trouble in Korea, let us face the facts. This is the third world war a Democratic administration has gotten us into, and the junior Senator from Nevada, speaking for himself, would like to say that if they save him from about two more wars it will be too late.

KOREA RESULT OF STUPID POLICY

We are now having trouble in Korea because of our stupid foreign policy. We would probably never have had to face what President Truman calls this threat to the peace of the world, at least it would have been long delayed, had it not been for the gross blundering by the administration in the field of foreign policy.

YALTA—ACHESON AND HISS

At Yalta, with the advice of Dean Acheson's friend, one Alger Hiss, since labeled "a Red traitor," our ailing President bribed Stalin to intervene in the far-eastern war.

This was quite unnecessary, for, as Mr. Hiss no doubt well knew, Japan was then on its last legs and had already made several unofficial overtures for peace.

Manchuria was handed over to the Reds at Yalta, and this paved the way for the Red advance into China and Korea.

MR. ACHESON—RECOGNITION OF RED CHINA

Mr. Acheson's recent statement that the United States would not use its veto power in the United Nations to block recognition of the Communist regime in China was a weak-kneed position to take against the advancing aggressor, and was virtually an invitation to the Reds to go further.

We are encouraging the United Nations to accept Communist China as a member, and to displace the Nationalist Government of China, at a time when Communist China, supplied by our supposed ally, is obviously sending important war supplies into North Korea to fight against American boys and girls—material being furnished Communist China by England through Hong Kong. Obviously these supplies are reaching there, and the additional manpower is being furnished from China and Russia.

We have no direct information—at least the State Department has not given it to us—whether the troops are coming from Russia or China or both, but they are well-trained troops.

There is 75,000,000 available manpower in Communist China to throw against America when the time comes.

STATE DEPARTMENT NEITHER SUPPORTED NOR OPPOSED KOREA

Mr. President, either the State Department should have clearly abandoned southern Korea, or should have done the things necessary to make it clear that an attack on southern Korea would be opposed by us. It did neither. Why? Partly because our foreign policy is both casual and improvised, and partly because the State Department is unwilling to tell the American people to what it has committed them.

DEFICIT DIPLOMACY—ACHESON-LATTIMORE POLICY

It is imperative that a stop be put to the State Department's deficit diplomacy. The administration has allowed our commitments to increase while our power to meet them has been allowed to decline.

Obviously, General MacArthur did not prepare for the Korean campaign because our State Department had never informed him that it had made commitments which might require such a campaign.

In fact, the junior Senator from Nevada is informed that the State Department was responsible for the military abandonment of Korea in the first place, in accordance with recommendations which were admittedly made by Lattimore to the State Department.

STATE DEPARTMENT NEVER CONSULTED MACARTHUR OR BADGER

Our State Department never once consulted either of the two persons best qualified to advise us on our far-eastern policy, General MacArthur and Admiral Badger.

In November 1948, the junior Senator from Nevada visited both of these men, whom he regards eminently qualified, and the junior Senator from Nevada got the same story then, a year and a half ago, which was told to our military officials on their recent visit to Japan.

The story, of course, was that we could defend Japan, Formosa, Okinawa, Guam, New Guinea, and the South Seas at a tremendous increased cost in manpower and equipment following the loss of China—but that psychologically and economically we were suffering an irreparable loss.

The American people must pay the penalty in bloodshed, loss of life, and damaged prestige throughout the world because of incompetence and lack of foresight on the part of our State Department.

STATE DEPARTMENT ASSISTED BY COMMERCE DEPARTMENT IN LOSS OF CHINA

Our stupid foreign policy has not been limited to the State Department, unfortunately. There is evidence to the effect that the Far Eastern Division of the Office of International Trade in the Department of Commerce held up the shipment of gasoline and other war supplies to China in 1948 until too late for the National Chinese Government to use them effectively.

The evidence shows that because of that delay General MacArthur sent approximately 100,000 barrels of gasoline from his own short supply to China in order to make up for what this Congress

had appropriated money, and the sending of which was being held up for 30 to 60 days in the Department of Commerce.

In other words, one of our Government offices is added to the Government personnel which aided the Communists to overrun China. Heading that division was an official whose background is interesting to observe. This United States Government official was a man who was born in Asia of Russian parents and who had been denied American citizenship three times on the ground that he was not of good character and not attached to the principles of the Constitution of the United States. There is evidence to show that this man, whose name was Ephriam Liberman before he changed it to Michael Lee, associated with known Communists here. He finally succeeded in gaining American citizenship, and a few months later he headed a vitally important Government office in Washington.

It is not recorded at just what point it became respectable in this country to be suspected of being a traitor to your country.

There are plenty of ex-GI's—good loyal Americans, whose integrity and ability is unquestioned—to fill the responsible jobs in this Government of ours. I understand that this man is on sick leave right at this moment, but still is technically the head of that great division.

Mr. President, the Chinese blame this man more than any other Government official for delays in vital shipments of ethane gasoline and other war supplies to war-swept China until too late for the National Government to use them effectively against the Reds.

SHOOTING WAR—POLITICAL FIGHT AGAINST RUSSIA

We went into this shooting war to wage a political fight against the Russians. Today it looks like the shrewd Russians may simply ignore the challenge, neither backing down nor openly fighting. As in Greece and in the Berlin airlift, we may be left to expend our energy while the Russians rest and continue their preparations, preparations made with materials coming from the 16 Marshall-plan countries in Europe which we are financing, and supplies coming from England, through Hong Kong, into Communist China, much of which is finding its way to the battle front, some of the material probably with the trade-mark left on them with our boys catching the stuff in their bare hands in Korea; it is not a nice picture.

NINETY-SIX TRADE TREATIES—MARSHALL-PLAN COUNTRIES—RUSSIA

I repeat, the Marshall-plan nations are shipping to Russia, or her satellite countries in Europe and Communist China, materials needed to wage war.

Through 96 trade treaties between Marshall-plan countries and iron-curtain countries we are even today arming Russia to wage world war III, and have been shipping them the needed manufactured and processed materials to consolidate their gains. It is not raw materials like those we used to ship to Japan before World War II. That went on for 5 years prior to 1941, and every veterans'

organization in the country cried to high heaven about it, yet nothing was done to stop it. But at least the Japanese were paying for the materials here in the United States, and they were left to manufacture and fabricate the materials. This time we have moved a long way ahead; we are doing that job for the Communists.

RUSSIANS TRYING US OUT

Perhaps in Korea the Russians were trying to see how far they could go. If our foreign policy is not more clearly designed, these tests will continue. It ought to be determined what this country can do and what it is willing to do, and those things should be told to the world in clear terms. What areas are important to our ultimate safety?

THE EXECUTIVE BRANCH CHARGED WITH FOREIGN POLICY

The Constitution of the United States fixes the responsibility in the executive department to fix the foreign policy for this Nation. Congress cannot do it. So what are the areas we are to defend for our own ultimate safety? Let the administration name them so that the nations in Europe, Asia, and Africa, in addition to those in the Western Hemisphere, where we have made use of the Monroe Doctrine for 126 years, will know what we will fight for. So our own people, the boys and girls who came back from World War II, many of them since married and starting new businesses, are on the verge of going back. I doubt if any of them would mind going back. I would not mind going back myself, but I would like to know, and they, as citizens and taxpayers of this Nation, would like to know, what they are to fight about, what they are to defend, whether they are to defend the whole world, or the areas necessary for us to defend now for our ultimate safety.

What is to be our policy regarding the continuation of arming Russia through the Marshall-plan countries? What is the Korean war intended to accomplish? What do we do after we have pushed the North Koreans back across the thirty-eighth parallel? Do we intend to leave our troops on the thirty-eighth parallel? Do we intend to continue through North Korea and garrison all of Korea for the indefinite future? Are we going right on after we get to North Korea? The people of this country would like to know. I, myself, as a Member of the Senate, would like to know.

WHERE DO WE GO FROM HERE?

Is the sending of our troops to Korea to be regarded as a precedent. If so, of what? Despite our low opinion of the State Department, we find it hard to believe they got into this thing without an idea of what they mean to make of it. They at least owe the soldiers, their wives and parents and the taxpayers an explanation that so far has not been forthcoming.

Mr. President, I should like to read briefly from a column written by Dorothy Thompson, which appeared in the Evening Star on July 17. It says in part:

President Truman has decisively committed himself and ourselves to something un-

decisive. We are not, he says, at war. But Americans in Korea may reasonably wish to know when shooting is not shooting, and when war is not war.

And perhaps the President, whose international acrobatics are astounding, may be able to tell us the objective of this shooting that is not war.

The aim, we are told, is to deter aggressors and reestablish the status quo. Since United Nations exhortation has failed to deter, we are now out to destroy—just what ultimate forces is not clear.

Yet we are committed in principle to the unification of Korea. Our object is merely to prove (by force of arms) that unification may not be accomplished by force of arms.

I submit that the nightmare world in which we live is the direct result of fighting a world war for no comprehensible objective. Some of these leaders today are the same persons who got us into this mess and who now ask us to trust them not to get us into another.

By another of his remarkable somersaults, the President has reversed his recent opinion and decided to defend Formosa. But he has forbidden the Chinese Nationalists in Formosa to continue fighting Chinese Communists on the mainland. Thus communism in Korea is apparently sinful, but communism in China is legitimate.

As a direct result, according to what I have just read into the RECORD, the President's order stopping the Nationalist Government from attacking shipping on the Communist China coast has cleared the way for England's shipping to continue carrying war supplies into the Communist China area, which are immediately available to North Korea to be used against American troops.

I quote again from the column of Miss Thompson:

It would really be a brilliant Russian move to order the North Korean armies to return to the thirty-eighth parallel in exchange for moving Red China into the Security Council—relinquishing the invasion of South Korea for another invasion of New York.

STRATEGY OF RUSSIANS—ADMIT COMMUNIST CHINA TO UNITED NATIONS

Mr. President, that is exactly what the junior Senator from Nevada thinks they are doing. In other words, the note to Mr. Nehru, of India, simply says that before they would discuss ending the war in Korea, we must admit Communist China to the United Nations.

We have in a grandiose manner refused to do that, which I think is highly proper, but at the same time and out of the same mouth comes the statement from the Secretary of State that we will not oppose the Communists becoming members of the United Nations and displacing Nationalist China.

That opens the way for us to recognize Communist China, by the same excuse, through the back door, a little later.

ACHESON COMMITTED US TO RECOGNIZE RED CHINA

Mr. President, I wish to repeat what I said on the Senate floor in September of last year, 1949, when England, Canada, and the United States were meeting here in their great conference. The conference to divert public attention from the most important debate in a century—extending the 1934 Trade Agreements Act. It is my humble opinion that at that moment we agreed to recognize Communist China and follow England and India into that recognition.

Mr. President, the State Department has not given up this idea of recognizing Communist China. It simply does not tell the American people the truth. It does things through the back door which it does not openly deny, and puts out tons of propaganda every day, camouflaging its actions.

STUPID HANDLING OF EVENTS LEADING TO THE KOREAN MENACE

Mr. President, the stupid handling of the Korean situation, culminating in the North Korean thrust, is but another instance proving the unfitness of Mr. Acheson for his high position. His administration has been wholly unsatisfactory and should be renovated from top to bottom.

Mr. HUMPHREY. Mr. President—The PRESIDING OFFICER. The Senator from Minnesota.

Mr. ECTON. Mr. President, I yielded a while ago to the Senator from Nevada [Mr. MALONE] under a unanimous-consent agreement that I not lose the floor thereby.

The PRESIDING OFFICER. The Chair will say to the Senator from Montana that he was not then in the chair, and did not know of the arrangement.

The Chair recognizes the Senator from Montana.

Mr. HUMPHREY. Mr. President, what is the situation?

The PRESIDING OFFICER. The arrangement was that the Senator from Montana would yield to the Senator from Nevada without losing his right to the floor.

QUESTIONS ON THE KOREAN CRISIS

Mr. HENDRICKSON. Mr. President, will the Senator from Montana yield to me for a brief statement and a unanimous-consent request, with the understanding that the Senator will not lose the floor?

Mr. ECTON. I yield with that understanding, Mr. President.

The PRESIDING OFFICER. Without objection, the Senator from Montana yields to the Senator from New Jersey, without losing the floor.

Mr. HENDRICKSON. Mr. President, confronted as we are with a war crisis in the Far East and perhaps disaster elsewhere in the world, as emphasized by the President's message of today, it is incumbent upon all of us to do a little soul-searching to ascertain the truth in respect to both the causes and effects of our dilemma.

I hold before me a brief article entitled "Korea" in which eight very pertinent questions are asked, and because I think it would serve a good purpose for every Member of the Senate to read these questions and endeavor to find the answers, I ask unanimous consent that this article be placed in the body of the RECORD at this point in my remarks.

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

KOREA

Why did Intelligence fail? If it did not fail, why were we not ready?

Why a handful of untrained youngsters on the front line?

Why are our tanks inferior to the Russian? Why are we using our old-style recoilless weapon and bazooka?

Why do we not have a good supply of heavy artillery?

Why the lack of combat planes of the right type, both old and new style?

Why are we without unit task forces of landing craft and surface ships?

Why did we not have a completely equipped, balanced fighting force in Japan ready for instant use?

The American people after two generations of failure can no longer accept military incompetence in the field of preparation and readiness. The disgrace of Korea following the submarine disasters and fiascos of the First World War, the submarines again in the Second World War, Pearl Harbor, Bataan, Corregidor, is more than the public can bear. We have spent untold billions during the recent war and since—far more than would have been necessary to have had a relatively small number of highly trained men with the world's latest and most effective weapons ready for instant use anywhere.

These questions must be answered.

Mr. HENDRICKSON. I thank the distinguished Senator from Montana for his courtesy.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Snader, its assistant reading clerk, announced that the House had passed, without amendment, the bill (S. 3309) to amend the Mutual Defense Assistance Act of 1949.

The message also announce that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7477) providing for the conveyance to the town of Nahant, Mass., of the Fort Ruckman Military Reservation.

GENERAL APPROPRIATIONS, 1951

The Senate resumed the consideration of the bill (H. R. 7786) making appropriations for the support of the Government for the fiscal year ending June 30, 1951, and for other purposes.

Mr. ECTON. Mr. President, I believe all of us who are Members of the Senate and work on committees usually look over very carefully the reports on all bills submitted to the committees from the various departments of the Government. I know I do, and I know the other members of committees on which I am placed do the same. We hardly ever pass a bill in the Senate without having received a favorable report from one of the governmental departments concerned. It seems to me that when the Congress passes a bill, and specific instructions respecting the bill appear in the committee report and in the debates in the CONGRESSIONAL RECORD, the department concerned should read the report of the committees and the debates in Congress before it proceeds to act.

I wish to congratulate the Senator from Arizona [Mr. HAYDEN] for mapping out and defining a power policy which seemed to be fair and which seemed to be workable a year ago. The instructions in the report and as they appear in the CONGRESSIONAL RECORD were explicit when the appropriation measure was passed by Congress a year ago.

Had the Bureau of Reclamation looked over the report and read the colloquys which took place between Senators on the floor of the Senate before they let the contract, we would not be here debating this question this afternoon. From all appearances the Bureau of Reclamation was a little overanxious to proceed, enter into a contract and get things moving irrespective of the instructions specifically set forth in the report and in the CONGRESSIONAL RECORD a year ago which were set aside.

Mr. President, I should like to relate in chronological order a few of the things that happened in respect to the Havre-Shelby line. Before I proceed further let me say that if I thought one single farmer in Montana would be deprived of obtaining electricity on his farm by virtue of discontinuing this line at this time, I certainly would vote against the committee's proposal. But I am thoroughly convinced that no farmer in Montana is going to be deprived of electricity by curtailing this line at this time, and that the farmers are going to receive electricity just as cheaply, whether the line is built or whether it is not. I hope to be able to prove that in a few minutes.

I have always been interested in REA. I have done everything I could to assure the farmers of the Nation that they would have electricity on their farms as soon as it was possible for them to get it. I have worked diligently during the last 3 years to get the rates lowered to the REA co-ops in the State of Montana. That objective has now been attained. I certainly would not want to deprive any farm or any farmer from receiving that service at the lowest possible rate.

It will be recalled, Mr. President, that on May 26, 1948, the House committee report on the Interior Department bill for the fiscal year 1949 disallowed a request for the \$1,035,000 for construction of the Havre-Shelby transmission line and substations, and further rescinded a carry-over of funds of \$560,197 which had been appropriated the previous year for the line. Congress in passing the Interior Department's appropriation bill sustained that position.

Then on March 28, 1949, the House committee disallowed \$1,300,000 requested for initiating construction of the Havre-Shelby transmission line, and initiating construction of the Havre-Shelby and Rudyard substations.

On July 13, 1949, the Senate Appropriations Committee reported the Interior Department appropriations bill for the fiscal year 1950, and in that bill the \$1,300,000 disallowed by the House was not restored.

We must remember, Mr. President, that there was no appropriation by the House last year for this line. When it was considered by the Appropriations Committee of the Senate that committee still turned it down. But it was put in the bill on the Senate floor a year ago, with instructions which were placed in the RECORD by the distinguished and able Senator from Arizona that it was to be used as a bargaining power primarily between the Reclamation Bureau and the power companies for wheeling agree-

ments to get service to REA's and to the farmers at the lowest possible figure.

After the House refused to place the item in the bill last year, after the Senate Appropriations Committee refused to consider it, it was added to the bill on the floor of the Senate and the conference committee agreed to it.

On August 25, 1949, when the bill was before the Senate for consideration, the Senator from Arizona [Mr. HAYDEN] on the floor of the Senate stated:

I suggest to them that the Senate disagree to the Senate amendment (regarding the Anderson Ranch Dam—Mountain Home transmission line in Idaho), with the understanding that the Bureau of Reclamation will do as we have instructed it to do, both with respect to Southwestern Power Administration and Montana Power, that is, seek to enter into negotiations with the Idaho Power Co. with respect to the transmission of this power.

Mr. President, what the Senator from Arizona intended and what the Senate voted at that particular time is as plain as the nose on one's face.

The bill was passed on October 12, 1949, after the Senate had restored funds for the Havre-Shelby transmission line, with the understanding that the funds would not be used if a wheeling contract could be arranged for transmission of power to the REA cooperatives in that area. This question is important, because I believe it was stated here in the Senate this afternoon that the power company did not offer to make wheeling agreements. According to my understanding, however, on October 13, 1949, the Montana Power Co. notified the Bureau of Reclamation that the company was willing to negotiate a wheeling agreement to serve the REA cooperatives in the Havre-Shelby area.

On November 1, 1949, the Bureau of Reclamation announced a call for bids on the Havre-Shelby transmission line. Many persons in that area did not even know that negotiations were going on, until they saw the announcement in the newspaper.

On November 15, the Bureau of Reclamation announced a call for bids on substations at Havre, Shelby, and Rudyard.

On December 6, 1949, the Bureau of Reclamation received bids on the Havre-Shelby transmission line.

So, Mr. President, we see that on August 25 the Senator from Arizona [Mr. HAYDEN] made his statement, and on October 13 the company offered to negotiate for wheeling agreements, and on December 6 the Bureau of Reclamation received bids for the line.

On December 30, the Bureau of Reclamation approved a contract for construction of the Havre-Shelby line.

On February 20, 1950, representatives of the Montana Power Co. and the Bureau of Reclamation conferred in Butte, regarding negotiations for a wheeling agreement. I understand that at that meeting the Havre-Shelby line was discussed.

Sometime in March, the Bureau of Reclamation received bids for a substation near Havre.

On March 18, 1950, the Montana Power Co. executed with the Bonneville Power Administration a contract under which

the company will purchase up to 50,000 kilowatts of power from the Hungry Horse Dam, and under which the company will serve REA electric cooperatives in western Montana for the Bonneville Power Administration.

The Bonneville Power Administration read the instructions and the statement of the congressional intent. The Bonneville Power Administration was not in a big hurry to build the line merely because it had the money with which to build it. On the contrary, the Bonneville Power Administration negotiated and entered into an agreement with the Montana Power Co., as was intended by the Senate when the appropriation bill containing provision for these lines was passed.

On March 20, 1950, representatives of the Montana Power Co. and the Bureau of Reclamation held a meeting at Billings, Mont., regarding negotiations for a wheeling agreement. That was on March 20, after bids for the line had been received.

On March 22, the contractor was directed by the Bureau of Reclamation to proceed with construction of the Havre-Shelby line as soon as conditions permit.

It was plainly evident then that there would be no possibility of entering into a wheeling agreement. Just 20 days elapsed—including 3 Sundays—between March 22 and April 12, when the Montana Power Co. adopted a new rate of schedule for service to REA cooperatives in Montana, east of the Continental Divide. When that was done, it became unnecessary to enter with the Bureau of Reclamation into a wheeling agreement to give the service at the lowest possible rate to the REA cooperatives and to the farmers in northern Montana. The schedule reduced the average rate to 5½ mills per kilowatt-hour, which is identical with the rate of the Bureau of Reclamation for Missouri Basin power.

Mr. President, I am not defending the Montana Power Co. A company which can negotiate a satisfactory agreement with the Bonneville Power Administration, and a company which has reduced its rate to such an extent that it is equal to the Government rate, I submit does not need any defense; it has put up its own defense.

However, perhaps the public power trust needs a little condemnation when a private company which pays taxes, builds its own lines, and gives a satisfactorily low rate to its customers.

Mr. President, we have heard talk about monopoly and about the possibility that the company will have a monopoly of power. We become unduly excited about the possibility that a power company will obtain a monopoly. In my State, for instance, we have a public service commission, composed of three members who are elected directly by the people of the State. That commission passes on the public utility rates, and sees to it that the people receive a just deal. If the people do not like what the commission does, all the people have to do is to change the membership of the commission at the next election—as is done in our representative government.

Mr. DOUGLAS. Mr. President, will the able Senator from Montana yield for a question?

The PRESIDING OFFICER (Mr. MAGNUSON in the chair). Does the Senator from Montana yield to the Senator from Illinois?

Mr. ECTON. I am glad to yield.

Mr. DOUGLAS. Is it not sometimes true that the so-called public utilities commissions are controlled by the power companies which they are supposed to regulate, so that those regulated actually become the regulators?

Mr. ECTON. Inasmuch as the members of the commission are elected, I do not see how they are controlled in the way the Senator has suggested, any more than any other elected officials are controlled. If the argument of the Senator were to hold, then it might be said that the Members of Congress are controlled because they are elected by the people.

Mr. President, there are three members of the public utilities commission. They are elected by the people. Certainly the people have a chance to catch up with them at some time.

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

Mr. ECTON. I yield.

Mr. LANGER. For what length of time are the members of the Montana Public Utilities Commission elected?

Mr. ECTON. They are elected for a term of 6 years. However, they alternate in service; every 2 years the term of one member of the commission expires, and an election for that position on the commission must be held.

Mr. LANGER. So if the people did not like what one of the commissioners did, 2 years later the people would have a chance to elect someone else; and at the end of 6 years thereafter the people would have had a chance to elect an entirely new commission. So it would be 8 years before the people could change the entire membership of the commission, in view of the fact that at 2-year intervals an election is held to fill one or another of the positions on the commission.

Mr. ECTON. Of course, Mr. President, if the members of the commission were appointed, there might be some excuse for a charge that the members of the commission are controlled by the companies they are supposed to regulate. However, when the people elect the members of the commission directly, there is no excuse for such a charge.

All three members of the Montana Public Utilities Commission are Democrats, and I do not think anyone controls them.

Mr. LANGER. Does the Senator think they should be condemned ipso facto because they are Democrats?

Mr. ECTON. No. I think they are good Democrats.

Mr. DOUGLAS. Mr. President, I wish to thank the Senator from Montana for the tribute he has paid to the Democratic Party in his State.

Mr. ECTON. I wish to say to the Senator that I was a member of the Montana Legislature for many years, and I always got along very well with the upright and honorable Democrats.

Mr. LANGER. Mr. President, let me inquire whether they were formerly Republicans, and later became Democrats.

Mr. ECTON. Some of them may have flopped over, away back sometime. I do not know, and I cannot vouch for that.

So on April 12, the Montana Power Co. adopted a new rate schedule for the service to REA co-ops in Montana, east of the Continental Divide. As I stated, this schedule reduced the rate to the identical rate charged by the Bureau of Reclamation for the Missouri Basin power accounts. So no one in that vicinity can gain anything by buying Government power. It is impossible to get it any cheaper than the price at which it can be bought directly from the private company. I admit that some of the people think they prefer to deal with the Government. They prefer to get their electricity from the Government line rather than from a private line. Such an attitude, perhaps, may be compared to that of an individual who wanted to go to San Francisco, but would not get on a train because the Government did not own it. There would be just as much sense in that. In other words, if a person needs something and can get it just as cheaply from a private company, why demand that the Government own it instead of someone else?

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

Mr. ECTON. I am glad to yield.

Mr. LANGER. Twice the distinguished Senator has stated that it would be possible to get a rate of 5.5 mills.

Mr. ECTON. Yes.

Mr. LANGER. Does the Senator not know that in the Missouri Basin the Montana and the Dakota utility companies buy all the power they furnish, at that rate, but that at the place where they sell electricity, where there is no REA line, they get 2 for 1? I want to ask the Senator whether that is not true in the State of Montana, the same as it is in North Dakota.

Mr. ECTON. No, not under the Bureau of Reclamation, not in the Missouri Basin, and not in the case of the Montana Power Co.

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

Mr. ECTON. Yes.

Mr. LANGER. It is true in the Missouri Basin, in North Dakota.

Mr. ECTON. But it is not true in Montana.

Mr. LANGER. Is the Senator certain of that?

Mr. ECTON. Yes. I have the contract here, if the Senator would be interested in it. The Montana Power Co. takes only the excess electricity from Fort Peck, which the Government does not use to supply its preferred customers. The power company purchases it at a certain rate.

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

Mr. ECTON. I yield.

Mr. LANGER. If the Montana utilities companies get their power from Fort Peck, they have to get it over a line which is 200 miles long, and yet, for every single kilowatt-hour furnished

them, the price could be doubled somewhere else, could it not? They keep track of the number of kilowatt-hours. I cannot believe that the situation in Montana is any different from what it is in North Dakota.

Mr. ECTON. I might give the Senator an idea of what the Montana contract provided. There has been a contract since July 1, 1943, under which the Montana Power Co. buys from the Fort Peck project all the power which is available, after supplying firm requirements of the Fort Peck project, and that can be used by the company itself, or by any other companies with which it is interconnected.

Mr. LANGER. What does the power company pay for it?

Mr. ECTON. I do not know what is paid for it, but that makes no difference.

Mr. LANGER. At what price does the power company sell it?

Mr. ECTON. In the last 5 years, I may say to the Senator, the company has paid the Government \$1,814,670 for this power, and the amount of the payments has risen steadily from year to year. In 1945 the Government received \$219,951; in 1946, \$229,462; in 1947, \$321,283; in 1948, \$472,254; and in 1949, \$571,720. So the Senator will see that in a period of 5 years it has more than doubled.

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

Mr. ECTON. I yield.

Mr. LANGER. Of course that was due to the fact that REA was extended in those localities and used more power.

Mr. ECTON. Let me say that the Senator is talking about a Government power line, which pays no taxes to the State, county, or city in which it operates. The Montana Power Co., last year, distributed through 40 counties of the State of Montana \$2,044,087.89 in property taxes. That was a part of the \$6,140,823 which was its total tax bill.

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

Mr. ECTON. I yield.

Mr. LANGER. The Senator does not want to tell the Senate, does he, that the \$2,000,000-plus which was paid in taxes was not added to the bill of the consumers?

Mr. ECTON. I may say to the Senator that when it is known that the State of Montana has as low a rate as any of the other 17 western reclamation States, I do not think we need worry about how much the companies make.

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

Mr. ECTON. I yield.

Mr. LANGER. I return to my question whether it is not true that, in some other places where there is no competition, the private companies make good this so-called cheap rate—and it is a cheap rate—by charging two for one?

Mr. ECTON. In the suit of clothes which the Senator is wearing, a great many taxes are tied up. Does the Senator advocate that the Government should make his clothes, so that he would not have to pay taxes?

Mr. LANGER. Oh, no.

Mr. ECTON. The proposition is the same.

Mr. LANGER. There is no analogy.

Mr. ECTON. Oh, yes, there is. It is the same thing. The private-business enterprise pays taxes. When the Government goes into business, it operates tax-free. My point is that, if the State and counties of Montana had to lose \$2,044,087, and the National Government had to lose the difference between that sum and \$6,140,000, the Senator's taxes and mine would be that much higher.

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

Mr. ECTON. I yield.

Mr. LANGER. Is it not true that the Government has built the dam at Fort Peck at its own expense?

Mr. ECTON. Yes. That is all right; I do not object.

Mr. LANGER. Why should the Montana Power Co. or any other power company buy that power, getting it from a dam built by the people, and sell it at a profit to farmers and others who pay taxes?

Mr. ECTON. I do not know whether it is sold at a profit. If the Government does not make a profit at 5.5 mills, I do not see how it can be argued that the company makes a profit.

Mr. LANGER. Does the Senator maintain that, if the Government pays \$100,000,000 to build a dam, it would not be appropriate for the Government to spend an additional \$1,000,000 or \$2,000,000 to build a transmission line for the purpose of delivering the power to the farmer at cost?

Mr. ECTON. No, the Government is getting entirely out of its sphere and beyond its prerogative. I believe the Government should do only those things which individuals or private companies are not able to do. Let the Government build the dams, and then let private companies distribute the power and give the service, and pay the taxes. We must have taxes from some source.

Mr. LANGER. If I correctly understand the Senator, he believes in the people furnishing the money to create the power, but when it comes to distributing the power, we should let private concerns distribute it at a profit.

Mr. ECTON. Why not? If we find they are making too much money, let us tax them further. If we do not get taxes from them, where are we to get them? Are we merely to appropriate the money? Is that the way to get them?

Mr. LANGER. I submit that when the Government builds a dam and creates power and the farmers and businessmen pay the entire cost of the project, they certainly should get the power distributed to them at cost.

Mr. ECTON. They are getting it distributed to them at cost. It costs the Government 5½ mills now, and the power is going to be distributed at the rate of 5½ mills by a private company which will build its own line. Why pay for a Government line?

Mr. LANGER. How much does the Montana Power Co. pay the Government to get the power at Fort Peck?

Mr. ECTON. Since it is not firm power, I imagine it gets the power for approximately 2½ mills.

Mr. LANGER. They charge the farmers twice as much as they pay for it at Fort Peck.

Mr. ECTON. No. They do not get firm power; they get surplus power. They get the extra power which the Government does not need at Fort Peck.

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

Mr. ECTON. I yield.

Mr. LANGER. Could not the Government give the surplus power directly to the farmers at the rate of 2½ mills per kilowatt?

Mr. ECTON. I do not know. Maybe we shall reach the point where we will give it to them for nothing.

I shall not take much more of the time of the Senate, Mr. President—

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

Mr. ECTON. I yield.

Mr. AIKEN. Mr. President, it is amazing to someone from New England to hear the Senator from North Dakota and the Senator from Montana arguing over whether 5½-mill power is too high. If they lived in New England or in the State of New York, where the minimum price is at least twice 5½ mills, they might better realize the value of competition in the power industry.

Mr. ECTON. I thank the Senator from Vermont.

Mr. AIKEN. Whether the power comes from public or private sources, both Senators are very fortunate to be even able to talk about 5½-mill power.

Mr. ECTON. I think so, too, because I know many people have to pay 20 cents and other people complain about 5½ mills. What do they want? Shall we hand it to them on a silver platter?

On April 20, 1950, J. E. Corette, Jr., testified before the Senate Subcommittee on Interior Department Appropriations, explaining the 5.5-mill rate available to REA cooperatives, pointing out that capacity has been doubled on company transmission lines serving the Hill County REA and reiterating the company offer to double capacity to the Marias REA.

This should eliminate any argument that the cooperatives cannot have all the electricity they want.

Up to April 20, the same date on which Mr. Corette, vice president of the Montana Power Co., appeared before the committee, I understand no work had been done on the Havre-Shelby line, except that some of the right-of-way had been purchased and some easements had been filed.

During Mr. Corette's testimony before the Senate subcommittee H. F. McPhail, of the Bureau of Reclamation, stated the situation. The Senator from Arizona [Mr. HAYDEN] asked:

What is the status of that line?

Mr. McPhail replied:

The status of that line is that the contract has been let. The contractor has been accumulating his materials. * * * The actual notice to proceed was not given until

the weather conditions had approached a condition where the contractor could actually get to work in the field.

On May 19, 1950, Harold E. Aldrich, acting manager of the Bureau of Reclamation, upper Missouri district, announced that the Smith Construction Co. had started work on the Havre-Shelby line in April and that it expected to complete its part of the work by September 6.

Aldrich said contracts for substations at Shelby and Rudyard were still to be awarded and that bids were expected in July.

So, Mr. President, every effort was made to shove this contract along and get it underway, even after it was known that the rate had been reduced to the Government rate and there was a possibility of serving the cooperatives at the lowest possible rate the Government could offer. The Senate's policy that no money should be spent for Federal transmission lines if arrangements could be made to get the power to the people was reaffirmed last April during the hearings.

On April 20 Mr. Corette, vice president of the Montana Power Co., stated:

Money was appropriated for the Havre-Shelby line last year. We thought it was with the definite understanding in light of your statement, Senator HAYDEN, that it would not be spent if a wheeling agreement could be made and these REA's could be supplied at the Bureau of Reclamation rate.

The Senator from Arizona [Mr. HAYDEN] replied:

That was my understanding.

Mr. Corette then said:

But in December we read in the paper that a contract had been let for the transmission lines and we now read that a contract has been let for some of the substations.

The Senator from Arizona asked Mr. McPhail, of the Bureau of Reclamation, this question:

What is the necessity for the Havre-Shelby line under these circumstances?

Mr. McPhail replied:

Unquestionably, the necessity would be reduced to some extent. However, I don't know what the reaction of the REA's that are directly affected may be. We have heard no word from them since this rate announcement. So I have not had any idea as to what the local reaction might be.

Mr. President, that is from the Senate subcommittee hearings, part I, page 1416.

Mr. President, I again submit that if the Bureau of Reclamation had read the report and what took place on the floor of the Senate as recorded in the CONGRESSIONAL RECORD all this confusion might have been eliminated.

Up to this time the Montana Power Co. has offered to take all the materials which have been placed in the project off the hands of the Government at cost, so the Government will not lose any money.

Mr. President, I have a few telegrams which I have received from labor unions. There are many labor unions in Montana which have been much concerned over the building of this particular line. As early as last December they read in the newspapers that the Bureau was contem-

plating letting the contract, and after the contract has been let I received communications from labor unions in Montana protesting the letting of the contract on the ground that it was unfair to organized labor in the State.

I ask unanimous consent to insert these telegrams in the RECORD. They come from labor unions in Montana. I ask that they be inserted in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. ECTON. In that connection I ask unanimous consent that the policy as set forth by D. W. Tracy, international president of the International Brotherhood of Electrical Workers, be inserted in the RECORD at the conclusion of my remarks.

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

(See exhibit 2.)

Mr. ECTON. Also, Mr. President, I ask that there be printed at the conclusion of my remarks a news release issued by the International Brotherhood of Electrical Workers, dated May 25, 1950, in substantiation of the statement made by their president, Mr. Tracy.

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

(See exhibit 3.)

Mr. ECTON. Mr. President, I thank the distinguished Senator from Arizona for his untiring efforts to live up to the policy which was clearly stated last year on the floor of the Senate. I believe that the recommendations of the Senate committee should be sustained.

EXHIBIT 1

CREAT FALLS, July 12, 1950.

Hon. Z. N. ECTON,
Washington, D. C.:

Local 122, International Brotherhood of Electrical Workers, vigorously protest the re-allotment of any funds for the construction of the Havre-Shelby power line.

R. C. STANICH,
Secretary.

LEWISTOWN, MONT., July 12, 1950.

Senator ZALES ECTON,
Senate Office Building,
Washington, D. C.:

We feel that the Havre-Shelby area is now adequately served by the Montana Power Co. We urge you to oppose restoration of funds for construction of the Havre-Shelby electric power transmission line. Stand behind Senate appropriation committee decision.

INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS, LOCAL NO. 552,
EY A. D. EDWARDS.

MISSOULA, MONT., July 12, 1950.

Senator ZALES ECTON,
Washington, D. C.:

The Montana State Council of Electrical Workers composed of the 17 Montana IBEW unions have instructed this office to vigorously protest any appropriation of funds for the construction of the Havre-Shelby transmission line under the present circumstances. The contract has been let to the Smith High-Line Construction Co., of Tennessee, notoriously unfair to organized or unorganized labor. His methods of operation are to the utter detriment of Montana

labor; that this contractor has no intention of hiring Montana labor is shown by the thirty-odd Negroes imported from Tennessee that are at present at the site of the job. This has forced our electricians to seek employment outside of the State of Montana in Idaho and Washington where conditions like those in Montana are not tolerated. We are aware of the Davis-Bacon Act but due to the fact that classifications are not included in this act the contractor will not hire our skilled craftsmen.

The Montana State Council of Electrical Workers has no desire to impede progress but if Government power projects are to be built and maintained on cheap and unfair labor as proposed in this case of what benefit is this to the workmen of Montana; the present Montana utilities use Montana labor; pay a fair living wage, and sign and maintain the provisions of work to the mutual benefit of utilities and Montana labor.

If you are friends of organized labor you will do all in your power to prevent this appropriation and help your Montana citizens maintain their standard of living.

MONTANA STATE COUNCIL OF
ELECTRICAL WORKERS,
GEORGE W. SCOTT,
Secretary-Treasurer.

HAVRE, MONT., July 13, 1950.

Hon. ZALES N. ECTON,
Senate Office Building,
Washington, D. C.:

We don't need duplication of power lines. Public power advocates are throwing away the taxpayers' money. Support the Senate Appropriation Committee's decision to refuse funds for the Havre-Shelby line.

H. EARL CLACK CO.,
L. B. WIGMORE, Sales Manager.

HAVRE, MONT., July 13, 1950.

Hon. ZALES N. ECTON,
Senate Office Building,
Washington, D. C.:

Please use your influence and position to see that funds for unneeded transmission lines such as the Canyon Ferry-Great Falls and the Havre-Shelby line be denied.

RUNKEL BROS.

EXHIBIT 2

INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS,
Washington, D. C., March 27, 1950.

Mr. WILLIAM C. WISE,
Acting Administrator, Rural Electrification Administration, Department of Agriculture, Washington, D. C.

DEAR MR. WISE: I am hereby entering an urgent protest on behalf of the International Brotherhood of Electrical Workers (AFL) against the latest developments in the anti-union policy of the Rural Electrification Administration.

The International Brotherhood of Electrical Workers (AFL) which represents more than 75 percent of the unionized workers in the electric light and power industry, both private and public, has been shocked and surprised at the anti-labor actions of the Rural Electrification Administration. These actions are all the more grievous because they strike at organized labor which participated in the effort to bring the Rural Electrification Administration into existence. Labor was a staunch supporter of the proposal to establish the Rural Electrification Administration because it believed that the Administration as originally set up would function in the public interest. We now find that the Rural Electrification Administration has taken such a narrow and backward view of its responsibilities and duties that it is bringing serious harm to the important section of the public interest represented by labor.

On December 17, 1949, an international representative of the International Brotherhood of Electrical Workers (AFL) wrote the Montana State Water Conservation Board a letter setting forth the facts that the International Brotherhood of Electrical Workers (AFL) had entered into bona fide collective bargaining agreements with seven Rural Electrification Administration cooperatives in Montana and such agreements included a clause guaranteeing that work let by contract would be performed under International Brotherhood of Electrical Workers (AFL) union conditions. The international representative of the International Brotherhood of Electrical Workers (AFL) suggested to the Montana State Water Conservation Board that it would be in the interest of preventing confusion if the proper authorities would notify contractors that the cooperatives are under union agreement when the invitation to bid is sent out. This letter was forwarded by the State water conservation board to the Rural Electrification Administration in Washington for comment. On March 6, 1950, you, as Acting Administrator of the Rural Electrification Administration, replied to the State Water Conservation Board of Montana and forwarded a copy of your letter to me in my capacity of international president of the International Brotherhood of Electrical Workers (AFL).

Your letter pays lip service to the maintenance of a policy of good labor relations and concedes the legality of the union clause in REA cooperatives bargaining agreements. You then go on to throw the entire weight of the administrative discretion of the Rural Electrification Administration against the actual operation of the union clause. You say:

"While, as I stated, it is satisfactory to the REA for its borrowers to include any legal provision in the construction contract relating to labor problems, it should be pointed out that any provision in a contract which has the effect of preventing free competitive bidding may well result in a cost of construction to the borrower which will make it impossible for us to approve the award of the bid, due to the effect of high cost upon the feasibility of our loan. We, of course, have to scrutinize all awards most carefully to make certain that the cost of construction will not be so excessive as to endanger the repayment of a loan. This is especially true in areas in which the Montana borrowers operate, where the consumer density is low, and all possible savings have to be effected in order to make the project feasible from a financial standpoint. It should be pointed out that we cannot approve awards of a bid in the event that the number of bidders is so low as to not constitute true competitive bidding. The possibility of this danger always exists whenever any kind of restrictive provisions are inserted in the construction contract."

The REA policy, as stated in your letter, is in complete contradiction of the policy of promoting and advancing labor standards through union agreements. Your emphasis on the matter of "high cost" as a reason for opposing labor standards established by union agreements and in favoring lower wages paid by nonunion contractors, is a throw-back to the days of the "sweat shop" employer who justified his position on the ground that he sold his products to the consumer at a cost lower than the cost of legitimate union employers. The REA is not advancing sound public policy when it seeks to develop a financial record for itself at the expense of the men and women whose work is essential to the bringing of electricity to the farms.

I am in complete accord with all efforts to secure a sound and economic expenditure of Government funds which are drawn from the taxes paid by all parts of the population, including labor. I would respectfully recom-

ment, however, that the REA would do better, if it were to begin to apply itself to the task of increasing efficiency in the management of cooperatives and reducing its own high administrative expenses rather than to continue its present policy of destroying union conditions of labor. In this connection, I have noted with interest the report of the House Committee on Appropriations in explanation of the appropriation bill for the several branches of the Government for the fiscal year ending June 30, 1951. (81st Cong. 2nd Sess. Report No. 17973, p. 140). The Committee approved a total of \$8,150,000 for the administrative expenses of the Rural Electrification Administration during 1951. No criticism was offered in the report with respect to wages paid to the working men and women who perform useful services for the cooperatives and their members. The committee, however, did criticize the Rural Electrification Administration and its officers for exorbitant fee paid for engineering and legal work. The committee stated as follows:

"In the opinion of the committee (House Appropriations Committee), [fees paid for engineering and legal work in connection with the larger loans are too high]. It is believed that such fees should not be established strictly on a percentage basis but maximum limits should be fixed which would in the cases pointed out to the committee [reduce the fees paid substantially. These costs are passed on to the consumer.]" (Matter in brackets supplied.) (A reference is made on p. 1036 of the Hearings of the House Committee on Appropriations to an appendix including information requested on the above subject by the committee. The note in the hearings states that the appendix may be found at the end of the hearings but it appears that the appendix is not available.)

It is apparently a fact that the concern voiced in your letter on the effect of union conditions on costs has not registered itself with equal force in keeping down the excessive fees for engineering and legal work, which have been criticized by the congressional Committee.

Insofar as your statement on "free competitive bidding" is concerned, I wish to point out there is no Federal statutory requirement for such bidding on the part of such cooperatives since the cooperatives are not agencies of the Federal Government. The cooperatives have the legal power to enter into the agreements which they have made for union conditions on contract work and I believe they should be applauded and not discouraged from entering into such agreements by a Government which is committed to a policy of collective bargaining.

Your letter is written in banking terms. The Rural Electrification Administration, however, is not a banking program. If it were, there would be no need for Federal action in this field. Private money could be secured for development of the cooperatives. The specially favorable terms of interest and amortization provided in the Rural Electrification Administration Act have been adopted by the Congress because it is deemed wise from the standpoint of the public interest to give assistance to the worthy cause of bringing electricity to the farms. It ill behoves the Government officers engaged in the administration of this public policy program to close their eyes to this fact and refuse to give consideration to the needs of labor for proper labor standards. Your letter is a far cry from the policy of the Rural Electrification Administration as stated in its memorandum of understanding with the International Brotherhood of Electrical Workers (AFL) entered into August 4, 1941, which provides that "The REA agrees to promulgate a list of labor standards embodying the spirit and letter of this general policy [and assumes the obligation

of winning REA cooperatives to the acceptance of these labor standards]."

I have commented fully on the status of this understanding and the failure of the Government to implement its general statement of policy in a letter of February 2, 1950 to a State fact finding board of Minnesota, copy of which was transmitted to the Administrator of the Rural Electrification Administration. Today we find the REA, in the case of the Montana cooperatives, not only refusing to assume its obligation of winning REA cooperatives to the acceptance of labor standards but, on the contrary, doing its utmost within the limits of its power to win such cooperatives away from those labor standards which the REA cooperatives themselves are willing to adopt pursuant to collective bargaining agreements with the International Brotherhood of Electrical Workers (AFL).

The time has come to look through slogans and fine words to the actual facts. The union clause which is the subject of your letter of March 6, 1950, is not unusual. It is not a special favor the International Brotherhood of Electrical Workers (AFL) is seeking to secure from the REA cooperatives—it is a standard clause in our agreements with private companies in the electric light and power industry.

We do not run into the complicated considerations set forth in your letter in securing such clauses in our agreement with private companies nor in securing the good faith application of the clause. Labor is getting a fair deal from these private companies but we cannot secure equal treatment from the Rural Electrification Administration. This is an alarming fact which must become known to organized labor and all others concerned with the problem.

The International Brotherhood of Electrical Workers (AFL) has patiently tried to secure relief from the antilabor policies of the Rural Electrification Administration by conferences and communications. I have become convinced that the condition cannot be corrected through such means. I am, therefore, releasing this letter for public information so that all fair-minded people may judge for themselves whether the labor policies of the Rural Electrification Administration are in the public interest.

Sincerely,

D. W. TRACY,
International President.

EXHIBIT 3

THE INTERNATIONAL EXECUTIVE COUNCIL OF THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS ENDORSES THE ACTION AND POLICY OF INTERNATIONAL PRESIDENT D. W. TRACY IN OPPOSING PUBLIC-OWNERSHIP TREND IN THE ELECTRIC LIGHT AND POWER INDUSTRY

In the interests of the commonweal there is no more pressing need than provision for flood control, irrigation, navigation, and the prevention of soil erosion.

By reason of geography and the topography of the land such provision and prevention is necessary and inescapably within the realm of Federal obligation.

In the fulfillment of such obligation our Federal Government properly conceived the idea of utilizing hydropower for the purpose of generating electricity as a byproduct of soil conservation and irrigation. The International Brotherhood of Electrical Workers, AFL, heartily endorsed and diligently supported the idea.

However, in the interval since the inauguration of this program there have been developed and instituted procedures engendered by a false concept of the fundamentals of Americanism.

The Rural Electrification Administration was brought into being for the purpose of facilitating the transmission of electricity

into rural sections. Under the Government power program, however, the facilitating intent has been substituted for by a plan involving what could well be and assumes all the aspects of the first step in the evolution of governmental ownership of the generation, transmission, and sale of electricity to the individual consumers. Under this program the operations of the Rural Electrification Administration combined with the functioning of the Bureau of Reclamation, Department of the Interior, and the Army engineers have extended the scope of the program to a point that threatens peril to legitimate free enterprise.

The scope of the program now embraces the generation of electricity by power other than that procured through irrigation and flood control, steam as an instance; the distribution of electric power and the sale of electric power in direct competition with privately owned electric utility companies.

The Rural Electrification Administration through its financing of cooperatives, has proceeded to the extent of using public moneys supplied by the taxpayers for the building of electric transmission lines parallel to existing privately owned distribution systems. The progress of this procedure is such as to clearly indicate complete duplication of transmission facilities in competition that can only lead to extermination of private utility companies. Such complete extermination has been accomplished in the State of Tennessee and is rapidly approaching completion in the State of South Carolina and is making rapid progress in the State of Nebraska.

In pursuing the above policy the Rural Electrification Administration has lowered the quality of work standards and ignored the rights of electrical workers to bargain collectively.

The resulting situation is anomalous indeed. In the first instance while the fundamental policies of the Federal Government champion the rights of labor to organize and bargain collectively, the administration of the Rural Electrification completely ignores these rights of labor. In the second instance one branch of government is engaged in the prosecution of trusts and combines on the premise that the operation of such trusts is inimical to the commonweal. At the same time a department of the Government is nurturing a governmental monopoly of the generation, distribution, and sale of the greatest power man has mastered for industrial production, home necessities, and public convenience.

The International Brotherhood of Electrical Workers does not raise its voice on the subject of public power in behalf of private companies or their management. We have met the abuses of power by these companies in the past and have achieved substantial correction. Today 90 percent of the workers in the privately owned electric light and power industry are covered by union contracts and the IBEW itself represents more than 75 percent of the organized employees in this industry.

The International Brotherhood of Electrical Workers raises its voice on the subject of public power at this time in the interest of organized labor in the electric light and power industry. The subtle transformation of the Government program from the proper purposes of providing power as a byproduct of the initial program and of furnishing a yardstick for private utilities has reached the stage where it threatens free enterprise in this industry. We support free enterprise not only in our capacity as citizens of the United States but also in our capacity as representatives of organized labor. The increase in the area of government and quasi-government ownership operation in utilities necessarily carries with it a decrease in the area of freedom for labor as well as other groups.

Labor cherishes its right to bargain collectively for wages, hours, and working conditions. It fights the abrogation of such rights whether in the form of antilabor laws or in the more complicated form of transferring their status to employees of the government without any rights to bargain collectively or otherwise exercise their economic strength.

The International Brotherhood of Electrical Workers has had drastic experience with the effect on its interests resulting from the transfer of utilities from private to public or quasi-public ownership.

In a recent case where the ownership of a utility was transferred to a municipality the IBEW was deprived of collective bargaining rights by an order of the court even though the majority of voters of the municipality had enacted an ordinance requiring their officials to bargain with the union.

Labor does not choose to have its welfare determined by the administrative orders of government officials no matter how well intentioned they may purport to be.

Under fascism, nazism, and communism the people work for the state. Under the policies inaugurated by the Rural Electrification Administration those employed on electrical properties work for the government under the guise of cooperatives. It is a distinction without a difference.

That the International Brotherhood of Electrical Workers has been cognizant of these developments for some time was indicated by its expressed concern in 1948, when its international president, D. W. Tracy, in an address before the members of the Edison Electric Institute, in the course of his remarks, said:

"I would not be talking heart to heart in a manner consistent with my expressed desire in my earlier remarks if I did not say: We need and must have more democracy in government and more democracy in business with less government interference in business and in labor. In an effort to prevent possible misunderstanding of my statement I emphasize the fact that the International Brotherhood of Electrical Workers endorses, advocates, and defends the profit system. Call it capitalism if you will but the fact remains the system is an element of Americanism because it is the economic system of our land and has contributed to the higher standard of living in this country which at once becomes the envy and the hope of common people in foreign lands."

The International Executive Council of the International Brotherhood of Electrical Workers today endorsed the action of International President Tracy and unanimously subscribed to this public release in defense of freedom of labor, in defense of freedom of legitimate enterprise, and in defense of freedom of cooperation between both to the benefit of the commonwealth through safeguarding the elements of Americanism, against assault, by authoritarian or state power on the liberties that have identified America as the country where labor has an effective voice in the establishment of conditions of its employment.

Mr. CORDON. Mr. President, I wish merely to say that I am wholly familiar with the facts developed with reference to this particular matter, and I join the chairman of the subcommittee in urging the Senate to approve the action reported by the committee.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 247, line 5.

The amendment was agreed to.

REDUCTION IN NONDEFENSE SPENDING— STATEMENT BY SENATOR BYRD

Mr. BYRD. Mr. President, I ask unanimous consent to have printed in

the RECORD a statement prepared by me dealing with reductions in nondefense spending.

There being no objection, Mr. BYRD's statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR HARRY F. BYRD

I will support the President in all necessary appropriations for the military. I will support reasonable and practical measures to control inflation.

I am very much disappointed that the newspapers today report that the President has requested the majority leader, Mr. LUCAS, to oppose reductions in nondefense expenditures. The President should realize that financial preparedness and the ability to pay are the source of all preparedness. With colossal new expenditures facing us, we cannot preserve our solvency unless we reduce in every possible way nondefense spending.

In 1948 we expended more than \$6,000,000,000 for domestic-civilian expenditures, exclusive of the military, of interest on the debt, veterans' expenses, and foreign aid. The President now recommends about \$12,000,000,000 for domestic, nondefense spending. This represents an increase of about 100 percent within this period.

I hope the President will reconsider his decision and cooperate with the Congress in reducing nondefense spending.

The President says he will ask for \$10,000,000,000 of additional military appropriations. It is significant that he used the term "appropriations" instead of authorizations. This means he expects actually to spend \$10,000,000,000 additional in this fiscal year. If this is done the total expenditures will approximate \$52,000,000,000 and, of course, further requests may be made, as the President has indicated.

The highest estimate of income under the present revenue system, and allowing for increased prosperity, is about \$40,000,000,000 for this fiscal year. This leaves a deficit of \$12,000,000,000 without further requests.

If we continue to add such sums to a public debt now approaching \$260,000,000,000, it will not be long until we go over the precipice of financial disaster.

GENERAL APPROPRIATIONS, 1951

The Senate resumed the consideration of the bill (H. R. 7786) making appropriations for the support of the Government for the fiscal year ending June 30, 1951, and for other purposes.

Mr. HUMPHREY. Mr. President, on July 17 considerable discussion took place on the floor of the Senate between the Senator from Georgia [Mr. RUSSELL] and the Senator from Alabama [Mr. HILL] pertaining to the language in the committee report on the general appropriation bill with reference to the Rural Electrification Administration. The language in the report which was discussed is as follows:

The committee believes that no loan should be made for construction of such facilities unless in areas where private power companies cannot or will not furnish adequate power at reasonable rates and within a reasonable time.

I have had a large number of calls in reference to this particular committee language. Also I have received a number of telegrams and other communications from persons in the farm areas in the State of Minnesota who are very much concerned over the application of this language as it would pertain to the rulings and decisions of the Administrator of REA. Therefore, Mr. President, I wish to state on record my position on

this issue, and also wish to incorporate into the RECORD some of the telegrams and messages which I have received from persons and organizations in my own State.

The public law pertaining to REA has already been interpreted by precedent, tradition, and experience. I do not believe that the language of the committee's report should in any way be controlling. It may be a statement on the part of the members of the Committee on Appropriations, but it does not represent, at least up to this date, the considered judgment of the Congress of the United States. The public law pertaining to REA was passed by the Congress. It had been considered by the Committee on Agriculture and Forestry. It has been debated at length for many years. The objectives of REA legislation are clear and unmistakable. Any attempt in any way to thwart the efforts of the REA cooperative development should be strongly resisted and protested. I urge the conference committee on this bill to make it unmistakably clear that the Congress has no desire to impair the development of REA generation or transmission. I take that position and shall continue to maintain it.

Mr. President, for example, I have a telegram from the president of the Border Counties Power Corp., Warroad, Minn. This is one of the fine cooperatives in our State. To quote just a few passages from the telegram, I should like to read the following:

Language in Senate report on general appropriations bill for 1951 could be very detrimental to Rural Electrification Administration especially to generating and transmission cooperatives, and could impose restrictions on authority of REA Administrator which would be damaging to entire program.

Toward the end of the telegram appears the following:

In our opinion this is very loose language and we urge that you work against this proposed change.

Mr. President, I ask that the telegram be printed in the body of the RECORD at this point in my remarks.

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

WARROAD, MINN., July 14, 1950.
HON. HUBERT H. HUMPHREY,
United States Senator from Minnesota,
Senate Office Building,
Washington, D. C.:

Language in Senate report on general appropriations bill for 1951 could be very detrimental to Rural Electrification Administration especially to generating and transmission cooperatives, and could impose restrictions on authority of REA Administrator which would be damaging to entire program. We object to the following proposed language. "The committee believes that no loan should be made for construction of such facilities unless in areas where private power companies cannot or will not furnish adequate power at reasonable rates and within a reasonable time." In our opinion this is very loose language and we urge that you work against this proposed change.

NORMAN CLEMENTSON,
President, Border Counties Power
Corp., Inc.

Mr. HUMPHREY. Mr. President, I also have a telegram from Mr. E. L. Smith, president, and A. E. Lee, secre-

tary, Western Minnesota Power Cooperative. I ask that it be printed in the body of the RECORD at this point in my remarks.

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

BENSON, MINN., July 16, 1950.
Senator HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D. C.:

We seriously object to portion of Senate Appropriations Committee report on H. R. 7783, whereby they recommend restrictions of REA loans for construction of generation-transmission facilities. Can see no justification either moral or economic for strengthening position of private power companies and weakening position of farmers cooperative in power supply matter. Please do everything possible to exclude any language from omnibus appropriations bill that will restrict generation-transmission loans to cooperative or weaken Administration's authority to make such loans.

E. L. SMITH, President,
A. E. LEE, Secretary,
Western Minnesota Power Cooperative.

Mr. HUMPHREY. Mr. President, I have a telegram from the directors of the Carlton County Cooperative Power Association, signed by C. W. Maki, secretary, which I ask to have incorporated in the RECORD at this point.

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

MOOSE LAKE, MINN., July 17, 1950.
Senator HUBERT H. HUMPHREY,
Washington, D. C.:

We request you do everything within your power to remove restrictive language in Senate committee report on the appropriations bill for 1951 that might be interpreted to restrict or stop granting of generation or transmission loans.

C. W. MAKI,
Secretary, Board of Directors, Carlton County Co-op Power Association.

Mr. HUMPHREY. Mr. President, I have a similar message from the Minnesota Valley Cooperative Light and Power Association, of Montevideo, Minn. I ask that it be printed in the RECORD at this point in my remarks.

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

MONTEVIDEO, MINN., July 17, 1950.
Senator HUBERT H. HUMPHREY,
Senate Chambers, Washington, D. C.:

May we have your support for the generating and transmission bill giving the REA administrator authority to make such loans.

MINNESOTA VALLEY COOPERATIVE LIGHT AND POWER ASSOCIATION.

Mr. HUMPHREY. Mr. President, I have a telegram from the president of the Minnkota Power Cooperative, from Grand Forks, N. Dak., which I ask to have printed in the RECORD at this point in my remarks.

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

GRAND FORKS, N. DAK., July 14, 1950.
Senator HUBERT H. HUMPHREY,
Washington, D. C.:

Language in the Senate report on general appropriations bill for 1951 regarding construction of REA generating facilities should be clarified so as not to hinder program. Will you please do what you can to avoid

the inclusion of any unnecessary provision which might hinder or hamstring the Administrator.

VICTOR M. EDMAN,
President, Minnkota Power Cooperative.

Mr. HUMPHREY. Mr. President, I have a telegram from Roy E. Wiseth, president of the Minnesota Farmers Union, which I ask to have incorporated in the RECORD at this point in my remarks.

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

WILLMAR, MINN., July 3, 1950.
Senator HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D. C.:

We must have public transmission lines to safeguard Government investments in REA cooperatives. Urge you to oppose appropriation cuts for transmission lines.

ROY E. WISETH,
President, Minnesota Farmers Union.

Mr. HUMPHREY. Mr. President, I have a letter from Mr. Victor Hanson, manager, Agra Lite Cooperative, Benson, Minn. I wish to read two paragraphs of the letter, because I think it is quite pertinent:

From sad experience we know what the private power monopolists mean when they talk about adequate power supplies and reasonable rates. We have found that they actually mean inadequate supplies and unreasonable rates.

We cannot think of a single good reason why the farmers of America, through their REA cooperatives, should be further hampered by legislation in their long battle to obtain electric power in adequate supply, and at cost of production. They have developed their own loads, and have every right to serve those loads if they wish to do so. To deny them that right, by whatever means that may be used, would be rank injustice.

Mr. President, I ask that the letter be incorporated in the body of the RECORD at this point in my remarks.

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

AGRA LITE COOPERATIVE,
Benson, Minn., July 17, 1950.
Senator HUBERT H. HUMPHREY,
United States Senate,
Washington, D. C.

DEAR SENATOR HUMPHREY: The attempt to restrict use of REA loan funds for development of generation-transmission facilities as proposed in the Senate committee's report on the appropriations bill for 1951 is of vital concern to our cooperative.

From sad experience we know what the private power monopolists mean when they talk about adequate power supplies and reasonable rates. We have found that they actually mean inadequate supplies and unreasonable rates.

We cannot think of a single good reason why the farmers of America, through their REA cooperatives, should be further hampered by legislation in their long battle to obtain electric power in adequate supply, and at cost of production. They have developed their own loads, and have every right to serve those loads if they wish to do so. To deny them that right, by whatever means that may be used, would be rank injustice.

Please use your influence and vote in the Senate to defeat the present attempt to hamstring the REA GT program.

Sincerely yours,
VICTOR HANSON, Manager.

Mr. HUMPHREY. Mr. President, I should like to call to the attention of the Senate the fact that a recent survey of power development in this country indicates that the Federal power projects have in no way thwarted or injured the development of private power facilities. In fact, the tempo at present is one of increase in private power facilities as compared to public power. A tremendous investment of money is going into this field. It is a lucrative investment. I think proper tribute should be paid to the private companies who make power available at proper and reasonable rates. I do feel, however, that the facts today set aside all these spurious and propaganda charges that somehow or other the activities of the Federal Government are threatening the private investment field and private activity within the field of generation of electric power and its transmission.

The facts are crystal clear that nothing like that has happened. In fact, private companies are expanding their kilowatt-hour capacity at an ever-increasing rate. The Government is engaged in power projects in areas where private facilities are not available, or where power is not adequately available. Finally, no matter how much power we develop we shall always have too little. Let us make it quite clear, as we mobilize the Nation for national defense that this is no time to say that we are developing too much power or spending too much in public funds for it. Recently, I heard the Secretary of the Interior testify before the committee headed by the distinguished Senator from Wyoming [Mr. O'MAHONEY]. He said that in 1939 we had a 40-percent power reserve. In 1950 we have a 15-percent power reserve. We have had a loss of power reserve of 25 percent in a period of a little more than 10 years, and at a time when we are looking forward to a great national defense program. The President's message is before us. In it he asks for increased production and asks our country to turn out unprecedented quantities of materials in order to maintain our domestic, civilian, and international commitments.

Mr. President, I ask unanimous consent to have printed in the RECORD, at this point in my remarks, an article entitled "Private Utilities Step Out Ahead," printed in the June 30, 1950, issue of United States News and World Report.

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

PRIVATE UTILITIES STEP OUT AHEAD—SPENDING \$3 FOR PLANT TO EVERY PUBLIC DOLLAR

Federal power projects, growing fast, still lag far behind private producers. Expansion programs are booming.

Private firms are outspending Government 3 to 1 in the race to keep up with electric-power demand. They still furnish most of the juice for industry.

Final decision in issue of private versus public power is not in sight. But private companies, now, are holding their own.

Private utilities, once the scapegoats of the New Deal, are in the midst of a vast program of expansion. Private power, as a result, is at least holding its own in the continuing struggle with public power for a market that is expanding by leaps and bounds.

The flow of money from Federal, State, and local governments into power development and distribution is breaking all records. Yet the flow of private capital into the power industry is running far ahead of investment of Government capital. The ratio is about 3 to 1, with \$3 of private capital going into modernization and expansion for each Government dollar.

A demand that appears insatiable lies back of the booming expansion of power resources. That demand, on basis of conclusions reached both by private utility managers and by Government planners, is expected to double electric-power requirements during the 10 years ahead. In the contest to gain and hold this market, the private utilities are maintaining their position relative to governments, after losing—relatively—during the 1930's.

Expansion records show what is happening.

In generating capacity, privately owned utility companies are making much larger increases than publicly owned systems. The chart on page 37 tells this story. Private utilities' generating capacity in 1951 is to reach 61,000,000 kilowatts, on basis of present plans. That will be 20,700,000 more kilowatts than these companies had in 1945, or a 50-percent increase in capacity.

Public power agencies, in contrast, will add only 5,200,000 kilowatts of new capacity by 1951, in their postwar building program. This means that during the early postwar period, at least, the share of United States electric power in Government hands is remaining the same, instead of increasing as in prior years. In 1920, Government systems controlled 5 percent of the power supply. By 1940, they had 14 percent. By 1945, their share was up to 20 percent, but it has not increased since then.

Spending totals, for new plant and equipment, also point up the trends in power development. Spending figures are illustrated by the chart on this page. It shows private companies' investment of about \$8,050,000,000 in new generators, transmission lines, other facilities in the 1945-50 period. Federal expenditures by unofficial estimate, amount to about \$1,597,000,000 in this same period. Cities, States, other power units invested around \$1,500,000,000 during these years.

In other words, electric-power companies are building new plants, putting up lines about three times as fast as all the city, State and Federal agencies combined. That is the national, over-all picture, and it is encouraging to advocates of private power. The situation and future outlook are entirely different in some areas. This shows up from a closer look at power programs around the country.

Northern United States, from Illinois to the Atlantic, is the scene of the greatest building activity in power. Industrial States of this region are demanding and getting about \$1,000,000,000 worth of new facilities a year. Around half of the dollars are being spent in five North Central States—Ohio, Indiana, Illinois, Michigan and Wisconsin. About a third of the money goes into increased power for New York, New Jersey and Pennsylvania; the remainder to New England plants.

Private utility companies account for nearly all the expansion. Federal activity is at a minimum in this area.

Major work centers on steam plants, using coal and oil for fuel. These modern plants are marvels of engineering. They are changing old ideas about practical limits on size of steam units. Some newer ones rival the immense hydroelectric projects of the West.

An example is the new plant opened at Sunbury, Pa., by the Pennsylvania Power & Light Co. It is one of the largest coal-fired power plants in the world. First units will have 250,000 kilowatts' capacity when com-

pleted. The plant can be enlarged later to 550,000 kilowatts, half the total for Hoover Dam. This hints at the scale of things in the power industry that private companies are creating.

The South also is getting enormous new blocks of power from private-utility building programs. Outside the TVA region, private companies provide virtually all the electric energy. They are spending in the neighborhood of \$350,000,000 this year in the South Atlantic States, along the coast from Delaware to Florida, and in Kentucky, Mississippi, Alabama, and Tennessee. One item in this year's schedules: Around 5,000 miles of new transmission lines.

Federal activities are growing in this region, however. TVA construction expenditures in 1950 are at a record level. TVA gets 85 percent of its power from hydroelectric plants now. Two additional steam plants are under way, and, by 1953, around 30 percent of TVA power will be supplied by steam.

A new Federal agency, the Southeast Power Administration, is setting up shop in the South, also. It will sell the power generated at Federal dams that are built outside TVA's domain. Now, SEPA has only two projects going, with 72,000 kilowatts capacity. Plans are under way for other projects that will bring SEPA capacity to 3,000,000 kilowatts. Interior Department estimates that SEPA will be marketing one-tenth of the power produced in Southeastern United States within a few years.

West of the Mississippi, utility-company expansion goes forward in every area except Nebraska, the one State where all power has been taken over by public agencies. Private investment will approach \$250,000,000 this year in six North Central States—North Dakota, South Dakota, Minnesota, Iowa, Kansas, and Missouri. Much of the money will go for additions to steam power plants.

Farther South, in Arkansas, Oklahoma, Louisiana, and Texas, utilities are spending about the same amount, building 4,500 miles of transmission lines plus substations and power generators. Here federally financed co-ops are setting up very extensive networks of transmission lines that will compete with private companies.

Far western utilities carry on a larger building program than is generally realized. In 1950 they are spending more than \$300,000,000 in Washington, Oregon and California. Pacific Gas & Electric Co., in California, is doing more construction than any other utility company in the Nation. It has spent more than half a billion dollars, provided 850,000 kilowatts of capacity since 1944. In 1950 and 1951, this one company will spend another \$200,000,000 and add 450,000 kilowatts to the West's power supply.

Washington and Oregon utilities are active, too, though most of the power there eventually is to be produced in Federal projects on the Columbia River.

Power supplies, as a result of these vast expansion efforts, improved markedly during 1949. The Nation's reserve margin—percentage of power available above peak loads—moved up from 6.6 percent at the end of 1948 to 14.2 percent at the end of 1949. That is considered adequate, except in isolated regions where power can't be borrowed quickly from neighboring sources in emergencies.

Threat of power shortages in most parts of the country is removed, in consequence, for the first time in many years. A prolonged drought can cause troubles where water power is the main source. In most places, business and residential customers need not fear brownouts or other restrictions this year. The Pacific Northwest still rations industries, but that is the only area of shortage.

Rises in demand are phenomenal. Residential use averaged 897 kilowatt-hours in

1939, was up to 1,655 in 1949. Industrial load rose 22 percent in the last 3 years; farm load, 91 percent.

There isn't any end in sight. Just a few of the things forcing electricity's use upward are frozen-food lockers, clothes dryers, television sets, electric bed coverings, air conditioners, air cleaners, automatic soft-drink dispensers, electric stairways, thousands of new power-driven machine tools, and electrical implements on farms.

Forecasts agree on a need for at least 120,000,000 kilowatts capacity by 1961. This means doubling the size of the generating plant—building 60,000,000 kilowatts of new capacity—in the next decade. The issue is how much of this vast new industry will be built and controlled by private companies, how much by Government groups. The private utilities feel they have made some gains on their competitors, but they know the struggle for leadership is only starting.

Mr. HUMPHREY. This is a time when we ought to recognize that no matter what we do, it will not be enough, and surely Congress should not be guilty of "too little and too late." So I surely support the program for the project developed along the lines suggested.

Mr. DOUGLAS. Mr. President, I move that the Senate at an appropriate time reconsider the action by which it approved committee amendments on the following pages and lines: Page 188, line 6; page 195, line 1; page 197, line 14; page 208, line 20; page 212, line 6; page 223, line 17.

The PRESIDING OFFICER. The Senator from Illinois moves that the Senate reconsider its action on certain amendments enumerated by him. The motion will be entered.

The clerk will state the next amendment of the committee.

The next amendment was, on page 247, in line 5, after the word "which", to strike out "\$22,897,700" and insert "\$25,135,700".

The amendment was agreed to.

The next amendment was, on page 247, in line 6, after the word "fund", to insert "and in addition thereto the Commissioner of Reclamation is hereby authorized to incur obligations and enter into contracts for additional work, materials, and equipment in an amount not exceeding \$3,000,000 for power transmission lines and substations in the fiscal year 1951;".

The amendment was agreed to.

The next amendment was, on page 247, in line 19, after the word "fund", to strike out the colon and the following proviso:

Provided, That \$1,000,000 of the funds provided in this paragraph for the construction of transmission lines in South Dakota shall be available only for connecting the load centers of Armour with Watertown via Sioux Falls, and of Midland with Rapid City, and of Winner with Randall Dam.

And to insert:

Provided further, That \$3,000,000 of the funds provided in this paragraph plus \$3,000,000 contract authority shall be available for construction of transmission lines and substations in South Dakota, to include a transmission loop from Fort Randall through the load centers of Armour, Huron, Aberdeen, Andover, Watertown, Brookings, Sioux Falls, and Gavins Point to Fort Randall, and lines from Fort Randall to Winner and from Rapid City to Midland.

Mr. WILLIAMS. Mr. President, some Senators wanted to speak on some of these amendments, and did not know that we were to continue the session. If we are to continue longer, I shall suggest the absence of a quorum.

Mr. LUCAS. I ask the Senator to withhold the suggestion. I am going to change signals in the middle of the stream.

Mr. WILLIAMS. I withhold the suggestion.

EXECUTIVE SESSION

Mr. LUCAS. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGE REFERRED

The PRESIDING OFFICER (Mr. MAGNUSON in the chair) laid before the Senate a message from the President of the United States withdrawing the nomination of LuElla M. Thompson, to be postmaster at Darwin, Calif., which was ordered to lie on the table.

The PRESIDING OFFICER. Reports of committees are in order. If there be no reports, the clerk will proceed to state the nominations on the calendar.

BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK

The PRESIDING OFFICER. The clerk will state the first nomination.

The legislative clerk read the nomination of Hawthorne Arey to be member of the Board of Directors of the Export-Import Bank of Washington, for a term of 5 years.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to this nomination?

Mr. MORSE. Mr. President, at the opening of my remarks, I ask consent that the nominations to the Board of Directors of the Export-Import Bank be considered en bloc.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the nominations will be considered en bloc.

The Export-Import Bank nominations considered en bloc are as follows: Hawthorne Arey, of Nebraska; Herbert E. Gaston, of New York; Clarence E. Gauss, of Connecticut; Lynn U. Stambaugh, of North Dakota; to be members of the Board of Directors for term of 5 years expiring June 30, 1955.

Mr. MORSE. Mr. President, I wish to report that this afternoon the junior Senator from Oregon met with the Committee on Banking and Currency, in accordance with the understanding which was reached in the Senate last night, in respect to the relationship of these nominations to certain loaning policies of the Export-Import Bank which the junior Senator from Oregon wished to discuss with the committee.

I desire to say that the junior Senator from Oregon received from the members of the committee a very fair and courteous hearing, as he knew he would once he appeared before the committee. He said then, and he wants to repeat on the floor of the Senate, that he cer-

tainly appreciates the consideration and courtesy extended to him by the chairman of the committee, the Senator from South Carolina [Mr. MAYBANK], in making possible the discussion that took place in the committee hearing this afternoon.

At the hearing the junior Senator from Oregon raised certain objections to certain of the loaning policies of the Export-Import Bank, as he understands those policies to be. He made special reference to the Argentine loan, which he thinks is deserving of a most careful investigation by the Banking and Currency Committee, and he made reference to certain loans which, up to date at least, have been denied by the Export-Import Bank, which he thought should be inquired into in order to determine just what the policies of the bank are.

However, he made clear before the committee that he is satisfied that the individual nominees now before the Senate are men of fine character. There can be no question as to their integrity or their honesty or their devotion in carrying out their public duty in accordance with the policies they are called upon to execute as members of the board of directors of the bank.

It is not with the qualifications of the nominees that the junior Senator from Oregon has any quarrel or difference, but only in connection with the policies he thinks the members of the bank have been called upon to administer. Therefore, as he told the committee this afternoon, he intends at this time to vote for the confirmation of these nominees.

He wishes to report to the Senate that the chairman of the committee, in the presence of the junior Senator from Oregon, took up with the Banking and Currency Committee the request of the junior Senator from Oregon that there be an inquiry into the loaning policies and practices of the Export-Import Bank, and it was agreed that such an inquiry should be held. Not only that, but the junior Senator from Oregon was told that it would not be necessary to press for the adoption of the resolution which he submitted on June 27 calling for such an inquiry, but that the committee would proceed with such an inquiry on its own initiative, which it has the power to do, and the resolution to that effect would not be necessary.

I was satisfied, Mr. President, that all that was needed was just such a conference as we had this afternoon, because I knew that the members of the committee would want to join with the junior Senator from Oregon in finding out what the facts are. That is all I seek in regard to the policies of the Export-Import Bank, and if those facts disclose a need for a change in the policies of the bank, then I am sure necessary legislative action will be taken to bring about such a change.

I now yield the floor.

Mr. MAYBANK. Mr. President, I merely wish to say to the Senator from Oregon that it was a distinct pleasure for the committee to have him before it this afternoon. I assure him that we shall ask the questions he desired to be asked, in executive session, that we shall

have replies, and that we shall conduct whatever investigation may be necessary in line with the provisions of the resolution submitted by the Senator from Oregon.

Mr. MAGNUSON. Mr. President, I cannot let this occasion pass without expressing my feeling respecting two of the gentlemen whose nominations have been sent to the Senate and are on the Executive Calendar, to be directors of the Export-Import Bank, men whom I have known for a long time. The Senator from North Dakota and I have been for many years acquainted with Mr. Lynn Stambaugh. In fact, I grew up with him. I have always considered him to be a man of good character, of high integrity, and of great ability. The same is true with respect to Mr. Herbert Gaston, whom I have known since childhood.

I know not what their policies have been, except in a general way, but I hope that the situation which has arisen with respect to that subject will be worked out satisfactorily. I am sure that the chairman of the Committee on Banking and Currency and the Senator from Oregon can have a satisfactory discussion of the matter of policies.

I was very pleased, however, to hear the junior Senator from Oregon say today that there was no question about the integrity or the ability or the energy of the two directors whom I know. I presume the other two are of the same high caliber.

Mr. LEHMAN. Mr. President, I am very much gratified that the Senate is about to take action upon the nominations of members of the Board of Directors of the Export-Import Bank. I have had the privilege of long friendship with one of the Directors, Mr. Herbert Gaston. Mr. Gaston came into the service of the State of New York in 1931 as Secretary and later as deputy commissioner of the New York State Conservation Department. He then came to Washington, where he filled many offices of responsibility and importance, including that of Assistant Secretary of the Treasury, and later Director and Vice Chairman, and then Chairman of the Export-Import Bank.

I consider Herbert Gaston to be a man of the highest character. He is hard-working, of unquestioned loyalty, and of unimpeachable integrity. I have never heard a single word against his character. I know that he has rendered splendid service to the people of his State and to the people of the Nation, and that he will continue to render similar service, if his nomination is confirmed by the Senate of the United States.

Mr. LANGER. Mr. President, I join with the distinguished Senator from New York in expressing my high regard for Mr. Gaston. For many years he was editor of a newspaper in the State of North Dakota. He is a man of outstanding ability. He was one of the best editors we have ever had in my State. He is considered to be absolutely honest. In my opinion, he has made a very good Chairman of the Export-Import Bank. I hope his nomination will be confirmed.

The PRESIDING OFFICER (Mr. HOLLAND in the chair). The question is on

the confirmation en bloc of Hawthorne Arey, of Nebraska; Herbert E. Gaston, of New York; Clarence E. Gauss, of Connecticut; and Lynn U. Stambaugh, of North Dakota, to be members of the Board of Directors of the Export-Import Bank of Washington for the term of 5 years expiring June 30, 1955.

The nominations were confirmed.

UNITED STATES COURT OF APPEALS

The legislative clerk read the nomination of William Henry Hastie, of the Virgin Islands to be judge, United States Court of Appeals, Third Circuit.

Mr. HENDRICKSON. Mr. President, I feel highly honored today to stand upon the floor of the Senate to speak a few inadequate words of commendation on behalf of the distinguished citizen of the United States whose name is now before us for confirmation. I take the liberty of infringing upon the time of this body for I have long numbered William Henry Hastie as one of my close friends and associates.

At the beginning of his remarkable career of public service, Mr. Hastie dedicated his outstanding talents to the youth of New Jersey by serving as a teacher at the Bordentown Industrial School in Bordentown, N. J. During his service at that fine institution he helped mold the characters of many of my fellow citizens of my State and his host of friends from those days still are his heartiest admirers and most unselfish supporters. I hasten to associate myself as both an admirer and a supporter.

I wish to assure my colleagues in the Senate that I urge the forthright approval of this nomination for I know that Judge Hastie possesses the character and the ability to serve with distinction on the Third Circuit Court of Appeals serving my own State. This he has shown beyond question throughout his entire life, but particularly during his term as Federal district judge and as Governor of the Virgin Islands. But, Mr. President, there is even added merit for favorable action on this confirmation, for by such action we prove conclusively to the Nation and to the world that there is no color line hindering personal progress and the recognition of personal ability in the United States. By action and not by words alone will we confound the propaganda of totalitarian groups and countries throughout the world and demonstrate beyond peradventure that America is still the home of opportunity and freedom.

Mr. President, it gives me a great deal of pleasure and it is a great privilege for me to stand here today and move the confirmation of the nomination of Hon. William Henry Hastie, of the Virgin Islands, to be judge, United States Court of Appeals, Third Circuit.

Mr. LEHMAN. Mr. President, I wish to associate myself with the distinguished Senator from New Jersey in expressing great satisfaction at approval by the Judiciary Committee of the nomination of Judge Hastie.

Judge Hastie has been a friend of mine for many years. He is a man of the highest character, and of great attainments in the legal profession. He has made a splendid record as Governor of

the Virgin Islands and as a Federal judge. During the short period of time in which he has served as judge of the Court of Appeals for the Third Circuit he has also displayed great ability and an unquestioned sense of justice and fairness.

I think the country is fortunate in having the services of a man of such outstanding character and ability, and I shall be very proud indeed to vote for confirmation of the nomination of Judge Hastie.

Mr. MYERS. Mr. President, the jurisdiction of the Court of Appeals for the Third Circuit embraces New Jersey, Pennsylvania, and Delaware. So I am happy to have this opportunity this evening to vote for confirmation of the nomination of Judge Hastie to be a judge of the Third Circuit Court of Appeals.

I may say that Judge Hastie's entire record is one of great distinction. I know that his colleagues on that court not only look upon him as a man who is learned in the law, but welcome him as a colleague, because he has a fine sense of decency and justice.

I have heard the other judges of the court say—not once, but on numerous occasions—that they welcome with open arms Judge Hastie to be one of their colleagues.

I believe it might be apropos at this time to read a short biography of this distinguished American.

Judge Hastie was born in Knoxville, Tenn., on November 17, 1904. He was graduated from Amherst College with a bachelor of arts degree in 1925. He was awarded a bachelor of law degree by Harvard University in 1930, and a degree of doctor of juridical science by Harvard University in 1933.

After teaching for 2 years, as the junior Senator from New Jersey has just stated, at Bordentown, N. J., Judge Hastie came to Washington, and engaged in the private practice of law. While in Washington he was a member of the faculty of Howard University school of law.

From 1933 to 1937 he was Assistant Solicitor of the Department of the Interior.

From 1937 to 1939 he was judge of the district court for the Virgin Islands. Reference has already been made to his service in that position.

Thereafter he became dean of Howard University law school, and served in that capacity from 1939 to 1946.

During the early part of the war, he was the civilian aide to the Secretary of War, working closely with Under Secretary of War Patterson on racial relations and other important questions.

In May 1946, President Truman appointed Judge Hastie to be Governor of the Virgin Islands. In that position Judge Hastie made many outstanding contributions to the advancement of the Virgin Islands and to the development of better relations between Washington and the Virgin Islands.

Judge Hastie was appointed by President Truman to be one of the American members of the Caribbean Commission, working with similar groups from Great Britain, France, and The Netherlands in

seeking a solution of the economic and social problems of the Caribbean area.

So, Mr. President, I believe Judge Hastie has earned for himself the respect, the esteem, and the affection of all who know him.

I know he will make a very able judge on the third circuit, a court which has considerable business, and, in fact, is one of the busiest circuit courts in the land.

Therefore, Mr. President, I am most happy to have this opportunity to vote for confirmation of the nomination of Judge Hastie.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to this nomination?

Without objection, the nomination is confirmed.

UNITED STATES ATTORNEYS

The legislative clerk read the nomination of Thomas A. Uzzell, Jr., to be United States attorney for the western district of North Carolina.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Ray J. O'Donnell to be United States attorney for the southern district of Ohio.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

DEPARTMENT OF COMMERCE—NOMINATION PASSED OVER

The legislative clerk read the nomination of Maj. Gen. Philip B. Fleming, United States Army, retired, to be Under Secretary of Commerce for Transportation.

Mr. MAGNUSON. Mr. President, before the nomination of General Fleming is voted upon, I should like to make a few remarks, because this matter involves the maritime industry of the Nation and involves several incidents and hearings which occurred not only before the Subcommittee on Merchant Marine and Fisheries, but before the full Senate Committee on Interstate and Foreign Commerce.

As many of us know, Gen. Philip Fleming has had an able and a distinguished career in the service of the Government of the United States. Prior thereto, he had a long and distinguished career as one of the very brilliant engineers in our Army.

He was called into the service of the Government by President Roosevelt, and served for a long period of time as Public Works Administrator, in which capacity he had charge of public roads and a great number of other engineering matters.

Without going into detail, let me say that, as many of us know, the record is replete with evidence not only that our late Maritime Commission proved itself to be, in my opinion, very inefficient and very inadequate to cope with the great postwar problems of the merchant marine, but also that many other criticisms have been leveled at the Maritime Commission.

In an effort to see whether it was possible to obtain better administration in the Maritime Commission, in order to clear up some of these matters, and in hope that it might become a strong arm

in bolstering our disappearing merchant marine, following the termination of the war and after the resignation of the then Chairman of the Maritime Commission, the President of the United States saw fit to call on General Fleming again because of his recognized ability as an administrator.

I recall that at the time, when he was called before the Interstate and Foreign Commerce Committee of the Senate, in connection with the question of confirmation of his nomination to be chairman of the Maritime Commission, the distinguished chairman of the committee, the Senator from Colorado [Mr. JOHNSON], and myself were present, and both of us asked, "General, what do you know about maritime matters?"

He replied, "I know nothing whatsoever."

Some of us ventured the opinion that in view of the conditions then existing in the Maritime Commission, he might be well qualified for that post. Of course we wanted a good administrator in that position.

His nomination was confirmed, and he served in that position. At the time when he took it, the law in relation to the Maritime Commission was such that the Chairman of the Commission was chairman in name only; he had no authority to do what he thought should be done there to clear up some of the feuds which were going on, some of the so-called inefficiency which has so well been pointed out by the General Accounting Office.

After General Fleming had been there a few months, and after determining in his own mind, I suppose, that most of the conditions still existed, although an attempt had been made to reorganize the entire Commission, it was thought best that the Congress enact legislation or suggest an Executive order giving the Chairman of the Commission more power. Such power was given to the Chairman. However, conditions did not improve a great deal. So the President of the United States, who had remained in constant touch with the matter with our committee and with others interested in maritime matters, including both labor and management, decided that the best thing to do would be to submit to Congress a reorganization order abolishing the Maritime Commission and placing it in the Department of Commerce, under a three-member Maritime Board.

That reorganization plan—plan No. 24, if I recall correctly—was approved by the Senate after some debate. The reorganization plan also provided that there should be established in the Department of Commerce an Under Secretary for Transportation. The nomination of that Under Secretary for Transportation is now before the Senate for confirmation, the President of the United States having taken General Fleming from the position of Chairman of the Maritime Board and placed him in this new position in the Department of Commerce. Although the Under Secretary of Transportation, under Mr. Sawyer's plan of organization and under the reorganization bill, would primarily

devote himself to maritime matters, he would also have under his jurisdiction the CAA, Public Roads—with which General Fleming of course has had great experience and concerning which he is well qualified—and other matters pertaining to the Weather Bureau and the country's transportation system. So that his transfer from one spot to the other puts him in the position of having his nomination now up for confirmation for an office the duties of which are somewhat broader than the field of maritime matters alone. But when his nomination was considered at the hearing, our primary concern was with maritime matters. Without going into detail, there was a great deal of criticism leveled at General Fleming at the hearings, not as to his personal character, his integrity, or his record, but criticism somewhat similar to those heard here a few moments ago, regarding the policies of the Maritime Commission, particularly in relation to the foreign-flag transfers. Labor unions protested, as did several other organizations, not against General Fleming as an individual but on the basis of the general policies of the Maritime Commission.

The testimony was not exactly directed to him as an individual, but it was criticism of the whole Maritime Commission. That has now been changed, and I think in all fairness that some of the criticism as to the actions of the Maritime Commission, although justifiable, could not be laid directly at the door of the chairman, because he inherited a confused situation. He inherited problems which, due to the inadequacies of the chairmanship in one period, he could not solve. After that, he was only in office for a short period of time, possibly not long enough to do the right kind of job or the kind of job he might have liked to do. As I say, that situation has been changed, and I am sure that those who are critical of those policies will find that General Fleming, in his new position, will carry out not only the mandates and the intentions of Congress, but the best interests of the entire maritime industry of the Nation, which needs a friend in court, because of its condition, particularly in these times when it becomes so important and so integral a part of our national defense.

Although I had originally intended to say more about this nomination when it came up for consideration today, it is important in these times that the nomination of General Fleming be confirmed, so that the Secretary of Commerce may function in respect to vital transportation matters.

I merely wanted to clarify the record by these remarks. I hope the Senate will confirm General Fleming's nomination, and at this time also will realize that the situation in the old Maritime Commission was probably not entirely of any one man's making.

Mr. LUCAS. Mr. President, a few moments ago, before the Senator from Washington began to speak, the Senator from North Dakota [Mr. LANGER] came over to me and requested that this nomination go over. I am serving

notice now that we shall move to take it up tomorrow afternoon and make final determination.

Mr. MAGNUSON. I hope the Senator will do that, because delay would be rather serious because, until the nominee is confirmed, I do not suppose there will be an appointment to the Maritime Board. It is vital that that board begin to function as soon as possible.

The PRESIDING OFFICER. Without objection, the nomination will go over.

Mr. HENDRICKSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HENDRICKSON. Is the Senate still in executive session?

The PRESIDING OFFICER. The Senate is still in executive session. Without objection, the Senate will resume the consideration of legislative business.

THE KOREAN CRISIS

Mr. HENDRICKSON. Mr. President, as I listened to the reading of the President's message, I could not help but be reminded again and again of the highly dangerous and tortuous road which lies ahead for the free nations of the world.

In the main, I commend the President for the very sound and sensible program which he has outlined, but I would remind him that the cooperation which will be required to carry forward such extensive emergency functions of government, cannot be a "one-way street." I remind him of this fact because on the domestic front he again recommends rigid economies and yet in my 2 years in Congress, I have seen very little cooperation from the administration in attempting to effect these long overdue economies. Whether war comes or not, whether war is here or not, they are essential, but they now become a "must." National security is as fully dependent upon economic stability as it is upon military preparedness.

I have never had any doubt as to the highly explosive course we were pursuing when we engaged as participants in the Korean crisis. I warned, on June 26, that a positive course of action would produce attendant risks of war, but I said that failure on our part to demand full respect for and compliance with the rules of the United Nations would be interpreted by our foes as a manifestation of cowardice and weakness. I said further that if we fail in one crisis, we shall fail in others.

And now, since all Members of the Senate must fully realize the import of the President's message and the extent to which it involves us, both at home and abroad, I would say to all critics, be they Republican or Democrat, that from here on we must not be less than constructive in our criticism, for by small talk and petty bickering, whether on the floor of Congress or elsewhere, we can only give our enemies fuel with which to build new fires.

MAIL DELIVERIES IN DALLAS

Mr. LANGER. Mr. President, I ask unanimous consent to have printed in

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the body of the RECORD an article from the Washington Post of this morning, with this headline: "Two Mail Deliveries in Dallas Suburb Ordered by Court."

I call this to the attention of every Senator in connection with the resolution dealing with the curtailment by the Postmaster General of mail deliveries. The article reads:

DALLAS, TEX., July 18.—The postman must call twice in Oak Cliff, suburb within the city of Dallas, a Federal circuit judge ruled today.

An Oak Cliff insurance man, Judge B. Fite, had complained his business suffered when the single mail delivery was instituted in the Oak Cliff district, while Dallas' main business section got three deliveries.

Attorneys for the Postmaster General were expected to appeal the decision.

Judge Atwell, in making permanent an injunction against Dallas Postmaster J. Howard Payne to prevent the cut in mail delivery to Oak Cliff, said that "the postmaster has discriminated against the business section of Oak Cliff," which is, "in truth and in fact, a city in its own right."

COTTON PRODUCTION

Mr. MAYBANK. Mr. President, in view of the fact that there has been some discussion this afternoon of increases in the price of cotton, I should like to state for the record some statistics in regard to cotton production. This year the cotton acreage was raised to 19,032,000. However, in the cotton belt there has been the worst growing season on record. The boll weevils have been abundant and have caused a tragic loss to the cotton crop, and the weather this spring has been terrible.

On July 10, the Department of Agriculture issued an estimate in regard to the conditions which resulted from that situation. That estimate was not in terms of bales of cotton, but it shows a dreadful loss. Private estimates which have been made indicate a loss that is very great indeed—a difference between last year's crop of 16,127,000 bales and a crop for this year which is estimated to be between 10,000,000 and 10,500,000 bales.

Mr. President, no one has suffered more from the cold spring, the rains, and the other hazards than has the cotton farmer. I simply wish the record to show the official estimate of the Department of Agriculture.

NEWS LETTERS FROM SENATOR HUMPHREY

Mr. HUMPHREY. Mr. President, I ask unanimous consent that two news letters which I have prepared to send out to the people of my State be incorporated in the RECORD. One of these news letters pertains to the recent Korean crisis, and I call to the attention of the Senate the heading "Economy or false economy?"

That particular paragraph has something to do with what I call total defense. There seems to be an attitude in the country that the way to prepare for defense is through the armed services. But that is not my conclusion. I believe that national defense means more than the armed services. I believe it means hydroelectric power, I believe it means land irrigation and reclamation, I believe

it means the health of the people and the education of the people. Every dollar we spend in these areas for strengthening the American economy is worth every bit as much as money we spend for atom bombs, reserves, or aircraft, or anything we might need in the armed services, because the strength of the country is not going to be found in how many divisions we may put into the field tomorrow, but how much we can prepare for the coming time to contribute to the over-all strength and confidence and power of the American people and the American economy.

Mr. President, I ask also that the second letter, pertaining to some observations on American agriculture and a review of the legislation we have discussed, be incorporated in the RECORD.

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

YOUR SENATOR REPORTS

(Weekly news letter from the desk of HUBERT H. HUMPHREY, week of June 18, 1950)

AGRICULTURE

On Wednesday, June 7, the Senate passed another important piece of legislation to bulwark the farm price-support program. I refer to Senate bill 2826, legislation increasing the borrowing power of the Commodity Credit Corporation by \$2,000,000,000. This assures farmers that the farm price-support program will be backed up by sufficient funds. The Department of Agriculture will soon announce the loan and purchase programs for price supports on wheat, corn, rye, barley, flax, dairy products, hogs and other commodities. (Write for full report on this bill.)

It is estimated that price supports for next year will "cost" much less than in the past 2 years. Present estimates indicate price-support "costs" at between 550 and 600 million dollars. This is to be compared with an average of about 2 billion dollars a year in the past 2 years. The term "cost" should be used with caution since the money provided by the CCC for price supports is in the form of loans which may be redeemed through farmer or Government sales. The cost of price supports may well go down because of the following factors:

1. The rising prices on farm commodities.
2. Lower production because of acreage allotment and production controls.
3. Heavier consumer demand.

The estimated cost of farm price supports will be slightly over 1 percent of the Federal budget. A professional farm economist recently pointed out that \$1 of farm income creates about \$7 of income for people off the farm. Farm parity now stands at 97 percent. Any serious drop in farm income would have disastrous results on the entire economy.

It is believed that marketing costs at city marketing terminals is an important factor in the high cost of farm products to consumers. This point of view will be thoroughly explored in hearings on a House bill to improve marketing facilities. Congress is becoming more consumer conscious on agricultural products.

We still have not managed to perfect a program to properly meet the needs of perishable farm products. Curtailing production does not receive much support. The emphasis is upon increasing consumption.

NEW LAW FOR VETS' HOUSING

The Housing Act of 1950—the GI housing bill—makes several important changes in the home loan benefits for GI's.

1. Increase in the amount of guaranty on veterans' home loan to 60 percent of the loan up to a maximum guaranty of \$7,500.

The original bill guaranty was 50 percent up to \$4,000.

2. Unremarried widows of deceased veterans who died in service or from service-connected cause after discharge were made eligible for GI home loan benefits on the same basis as their husbands would have been.

3. Terms of loan extended from 25 to 30 years. This makes possible lower monthly payments.

4. The veterans' housing bill authorizes \$150,000,000 for direct Government loans at 4 percent interest to veterans in areas where home financing is not available from private sources—these areas to be determined by the Veterans' Administration.

5. The new housing act includes provisions to make GI loans for farm homes more readily available.

Approximately 2,000,000 veterans have received the benefit of the Government guaranty program on GI loans for homes, business, and farm purposes. Here's the breakdown:

Type of loan:	Number of veterans
Home loan guaranty-----	1,818,000
Farm loan guaranty-----	55,000
Business loan guaranty-----	118,000

Approximate value of all loans, \$11,000,000,000.

NOTE.—If you want more detailed information on this program, write to me.

ITEMS OFF MY DESK

1. The rent control bill authorizing 6 months' extension of existing rent control passed the Senate 36 to 25. I voted for it.

2. Social security extension is the pending business of the Senate. The Senate bill in some ways improves the program adopted by the House. It extends coverage and increases some benefits. Next week's Newsletter will carry full account. The Senate bill eliminated disability insurance. I am a cosponsor of an amendment to restore this provision to Senate bill and cosponsor of amendments to increase old-age assistance and medical service benefits. Congress will greatly improve the social security law. Old-age insurance benefits will be doubled and coverage extended to approximately 9,000,000 additional persons. Increased benefits for aid to dependent children and the blind will be provided.

3. Basing point: I joined with Senators DOUGLAS, HILL, SPARKMAN, and KEFAUVER in a visit to the White House urging President Truman to veto the basing-point bill. I was part of this team in our fight to defeat this bill on the Senate floor. The so-called basing-point bill represents another attack on our antimonopoly and antitrust legislation. This bill, if it becomes law, will seriously jeopardize independent business and the industrial development of the Midwest and South.

Basing point in a nutshell is the old "Pittsburgh plus" system, legalized so as to keep out competition.

The basing-point bill had the active support of big steel, the cement monopoly, and other big industries. It was opposed by every small business organization in the country. Copies of my remarks on this vital issue are available.

It is strange to note that very little was said in the press about basing point during debate, yet this is one of the most important issues that has faced the Congress. If big business wins this fight it will be a major victory for monopoly and economic concentration. Basing point to independent business would be as ruinous as the Kerr gas bill was to the consumers.

4. Small business: Speaking of small business, it was a year ago that I obtained passage of my amendment to the armed services appropriation bill providing assistance to American small business. Secretary Johnson has reported to me the activities of

his Department in carrying out the purposes of my amendment. I quote from the Secretary's letter of June 5:

"In accordance with the legislative mandate, on December 22, 1949, I appointed the Honorable Paul H. Griffith, Assistant Secretary of Defense, as my small-business advisor. In this capacity, Mr. Griffith was responsible for the development of a cooperative agreement between the Department of Defense, the Department of Commerce, and the General Services Administration, which provides for the speedy transmission of procurement information to interested parties. While the original agreement provided for approximately 150 separate geographical places where businessmen would have direct access to this information, the program has been enlarged to the point that competitive bid information is now available through 931 separate outlets in 650 cities throughout the 48 States including the District of Columbia and the Territory of Hawaii.

"Through our educational and information program we have made an effort to acquaint all businessmen, and particularly small-business men, of their opportunity to participate in military procurement. Through their inquiries and correspondence with the military procurement agencies, purchasing and contracting offices of the Department of Defense have been provided with information concerning the commodities and services available from many small independent enterprises.

"It is my intention to continue our small-business program beyond the limits of the current fiscal year in an effort to insure small-business men the opportunity of participating in the military procurement program."

Slowly but surely, we are making progress. The Senate has established a Special Committee on Small Business, of which I am a member. Senator TOSEY and myself are working with the Munitions Board and the Department of Defense to further the cause of small business in obtaining government contracts.

5. The Marshall plan: I thought you might want to see what Paul G. Hoffman, Administrator of ECA, had to say in his recent letter to me. Here's the copy—it speaks for itself:

"DEAR SENATOR HUMPHREY: I would like to express my appreciation of the fine support you gave to the ECA legislation during the recent Senate debates. At this point, as we begin the third year of the Marshall plan, it is particularly necessary that the accomplishments of the program and its significance be discussed accurately and thoroughly so that the issues may be widely understood. Your contribution in this regard, and particularly your presentation of the significance of the Marshall plan to the national security of the United States, was most constructive and, I am sure, exerted substantial influence in producing the vote of confidence in the European recovery program which was given by the Senate.

"Sincerely yours,

"PAUL G. HOFFMAN, Administrator."

MINNESOTA FLOOD RELIEF

The most critical problems facing Minnesota are the flooded areas of the Red River Valley of the north and the upper Mississippi around Aitkin. Eighteen counties are affected by the flood. Estimated damage is over \$11,000,000. I have visited the flood area on two occasions—on April 24 to the Red River area and on June 5 and 6 to the Upper Mississippi-Aitkin region. Here is my program to aid flood areas:

1. Legislation to provide financial aid to counties, cities, villages, and townships for road repair, culverts, bridges, and other public properties.

2. A bill for the resurvey of all flood-control projects in the Red River and Upper Mississippi area.

3. Testified before the Senate Appropriations Committee urging immediate appropriation of \$2,000,000 for the balance of this year to the President's emergency fund. This money could be made available for immediate assistance in Minnesota.

4. A bill to appropriate \$10,000,000 to the President's emergency fund.

VISIT THE PRESIDENT

On Wednesday, June 14, the entire Minnesota and North Dakota congressional delegations visited the President. It was my privilege to be the spokesman for the group I presented to the President our program and described the flood conditions and the problems facing our people. The President promised his help in securing prompt action on our flood-relief and flood-control program. All members of the Minnesota and North Dakota delegations are working as a team on these problems.

PRESIDENT SUBMITS ADDITIONAL REORGANIZATION PLANS

The President continues to work in behalf of improving the efficient and economic operation of the Government. Six additional reorganization plans were submitted in the past week. One of these plans deals with the creation of a Department of Health, Welfare and Education. It was this proposal which was defeated last year with tremendous pressure being brought to bear by the American Medical Association.

The new plan seems to have satisfied much of the objection of some of the Senators who voted against the establishment of a Department of Welfare in the first session. It appears now that the creation of a new department in the Cabinet will be successful. It is my intention to support this proposal. It follows the basic recommendations of the Hoover Commission report and gives those functions of government which deal with health, welfare, and education their appropriate position in the Government, namely, a Cabinet post. Other reorganization plans deal primarily with the Federal loan activities such as the Reconstruction Finance Corporation and the Federal National Mortgage Association. These proposals are highly controversial and it is doubtful as to what will happen.

A BILL FOR ASSISTANCE IN THE ESTABLISHMENT OF COMMUNITY HEALTH CENTERS

Some months ago I introduced a bill, S. 1805, which would permit the Federal Government to make loans and grants for the purpose of establishing rural community health centers. This proposal would supplement the Hill-Burton Hospital Construction Act.

The Hospital Construction Act provides for Federal grants for the purpose of erecting hospitals. All hospital plans are cleared and approved by an appropriate State agency. Federal Government matches funds up to 50 percent. Minnesota has shared generously in the Federal funds and our State has been benefited by the construction of many hospitals in all sections of the State.

The need, however, is not for major hospitals but for community health clinics or centers in some of the less populated areas and, in particular, the rural areas of Minnesota and other States. The construction and maintenance of hospital facilities are very expensive, and many communities are not of sufficient size to afford them.

The bill that I have introduced, and upon which hearings have been held, would provide for the construction of clinic facilities, commonly known as out-patient departments. A small emergency ward of 6 to 10 hospital beds would be permissible. This number of beds would satisfy emergency needs of the smaller community and yet not work an undue financial burden. My bill makes it possible for any nonprofit or cooperative association to build these facilities. The nonprofit or cooperative associa-

tion would contract for the loan and would be held responsible for the construction, administration, and maintenance of the rural health clinic. These facilities would be open to all doctors and to all people. There would be no discrimination. I make this point because certain people have attempted to interpret this bill as being a measure wholly directed toward benefiting the membership of a cooperative or a nonprofit group. This is entirely false. To be sure, the membership of such association would receive the benefits of the facilities of the health clinic. However, the health clinic would be open to all people and would serve the entire community. In other words, the principle used in this legislation is similar to the REA. Let me explain: REA funds are loaned to rural electrification cooperatives. The cooperative takes on the responsibility for borrowing the money, constructing the electric lines and generating plants, but it must serve all people who wish to use its services. The REA program has worked exceedingly well. The loans have been repaid. The people have been served. It is my opinion that the same principle would work with a rural health cooperative which would undertake the construction of a community health clinic.

The loan provisions under S. 1805 are (1) 35-year loans, 2 percent interest and (2) grants will be made only where the local community is totally incapable of financing all of the construction. The "grant feature" is a tentative proposal and may be removed from the bill by the time it gets through committee.

The opposition to this measure, strange as it may seem, came from the American Medical Association. I regret this, since the AMA has vigorously supported the hospital construction program which is not a loan but an outright 50 percent grant. The AMA called my bill a subsidy and a socialist proposal. It appears to me that the Hospital Construction Act is the subsidy measure and this, as I said, was supported by the AMA. It should be added that I have supported this program of hospital construction and helped write the amended bill in the Eighty-first Congress. In a later report I will tell you about the developments on S. 1805. This bill means a great deal to the rural areas. It is a forward step in bringing modern medical care to the people. The people will pay their own bill and will have their own doctors. There will be no subsidy and no government compulsion. My bill simply makes it possible for rural communities to have modern medical facilities, which will be paid for by the people who use them, and will mean that new doctors will come into rural areas and find a modern laboratory and clinic at their disposal.

YOUR SENATOR REPORTS

(Weekly news letter from the desk of HUBERT H. HUMPHREY, week of July 16, 1950)

ECONOMY OR FALSE ECONOMY?

The Korean crisis has brought foreign policy to the forefront. The people are asking questions about our national defense and the general conditions and strength of our Armed Forces.

The main points of our American foreign policy are based upon (1) the Marshall plan or ECA, (2) the North Atlantic Pact, (3) Military assistance, (4) the point 4 program for technological and scientific assistance to underdeveloped areas, (5) the Voice of America and other educational and informational services, (6) American participation in the United Nations and its support of UN agencies.

National defense of course, means more than appropriations for the Armed Services alone. World War II taught us that national defense is also based upon the conservation and development of our natural resources,

such as our forests, mines, waterways, and land.

We learned the importance of hydroelectric power in World War II. In the beginning of that war, we had a 40 percent reserve in electric power; today we have a 15 percent reserve.

We learned the importance of adequate supplies of food in World War II.

Land reclamation and irrigation was a basic factor in our war effort. The production of sugar beets, for example, was vital not only for food purposes but also for munitions. Expanded sugar beet production was made possible by irrigation and land reclamation projects in Wyoming, Colorado, western South Dakota and other Western States. It is therefore very clear today that efforts to curtail our programs for conservation, inland waterways, public power, REA, agriculture, land reclamation, and irrigation were as short-sighted in the interests of our national defense as were efforts to cripple our armed services. The same can be said for efforts to cut the Marshall plan, the Voice of America, point 4, and our foreign information and educational services.

The economy experts, therefore, are now being severely criticized for short-sightedness and failing to realize that defense is a total concept.

American security is not fully protected by an Army, a Navy, and an Air Force alone. A militant, positive foreign policy is a fundamental part of our national defense. American military power is dependent upon the ability of our industrial economy to produce vast quantities of goods, and the ability of our agricultural economy to meet the requirements of total defense. Industrial production needs electric power and adequate transportation. The relationship of hydroelectric public power, water transportation, reclamation, and irrigation to American industrial and agricultural production is clearly evident.

All of these programs are vital to national security. Military power in great part depends upon long-range strength and productivity of industry, of land, and of people.

QUICK ACTION

With the Communist attack on South Korea the Senate quickly passed by unanimous vote (1) the extension of the draft and (2) the military assistance program as outlined under the terms of the North Atlantic Pact. The votes were unanimous. The President will use the selective service to fill the ranks of Army, Navy, and Air Force. The present program calls for limited use of selective service and a stepped-up program of voluntary enlistments. There will be extra pressure placed upon industrial firms to quickly fill the orders for military equipment both of our national defense needs and for assistance to the North Atlantic Pact countries. The word in Washington is that legislative proposals are ready for congressional action on (1) industrial mobilization, (2) civilian defense, (3) wage and price control, and (4) internal security measures.

THE INTERNATIONAL SITUATION

I strongly support the action taken by the President in compliance with the Security Council resolutions requesting assistance to restore the peace in Korea and to compel the North Koreans to retire to the 38th parallel. The President acted under the terms of our obligations to the UN and exercised his constitutional power to protect the security of our Nation and our interests. All the debate as to whether or not the President went beyond his constitutional powers is surely not substantiated by American history. The Library of Congress made available to the Congress a memorandum listing 100 instances where the President of the United States had used the Armed

Forces to protect national security and defend American interests. The Charter of the United Nations places added obligations upon the President and the Congress to comply with requests of the Security Council.

The President also pledged American aid to the Philippines and to Indochina. The situation is particularly critical in southeast Asia, in the Indochina area. Indochina Communist forces are in active combat against government troops. America has an obligation to the Philippines, and I strongly support the President's proposal of military aid and other assistance to this new republic. The President's statement also included the use of the Seventh Fleet to "neutralize" Formosa until the status of this area is finally settled by the United Nations or by treaty with Japan.

AMERICAN POLICY IN THE FAR EAST

The North Korean Communist attack crystallized American policy in the Far East. The President's program is not a reversal of past State Department and Presidential policy; we have always been pledged to the aid of the Philippines; we have repeatedly assured the United Nations that we would support its efforts to maintain peace and order; the ECA authorization provided funds for the China area, which included Indochina; military assistance also provided such funds. The North Korean attack necessitated quick and positive action (this action followed the developments of policy in the Far East insofar as our commitments were concerned through treaty, UN, ECA, and military assistance). The President's statement of policy following the northern Korea attack is being altered and strengthened on a day-to-day basis as the military operations develop in that area. It is crystal clear that we are not going to be pushed around by Communist military pressure. It is equally clear that more attention will be paid to southeast Asia in the months to come. The Far East or Asiatic policy will include:

1. Our traditional policy of support for the territorial integrity and independence of the Asiatic nations.
2. Expanded and more generous economic assistance.
3. Military assistance in the form of supplies and key personnel.
4. Strengthening of bases in the Philippines, Japan, Okinawa, and Guam.
5. Closer collaboration with Australia, New Zealand, Great Britain, France, India, and other free countries.
6. Informational, educational, and propaganda offensive by the United Nations and Voice of America.

INDIA

On several occasions, speaking on the floor of the Senate, I have directed the attention of our Government to the newly founded Republic of India. India's decision in the UN Security Council to support the resolution calling for the withdrawal of North Korean troops and urging the military aid of UN members to accomplish this order was most significant. The Government of India has attempted to preserve the precarious neutrality in the UN in the struggle between east and west. The decision of the Indian Government to join with the United States and other powers to crack down on Communist aggression is possibly the most significant development thus far in the history of the United Nations and its efforts to preserve world peace.

Just a few facts about India: India has a constitution similar to ours. Its government is headed by Prime Minister Nehru, a man of democratic principles and thoroughly grounded in the practice of democracy as understood by the United States, Great Britain, and other western countries. India

has a central government that can and does govern in all areas of the country. Her government has been undertaking vast programs of social welfare, health, education, land reclamation, development of hydro-electric power, and industrial development. The population of India is well over 300,000,000. In World War I and World War II her soldiers fought side by side with the Allies, giving a splendid account of themselves for their valor and courage. Indian governmental officials have been well educated in British and American schools, most of them speak English, and have a thorough knowledge of Anglo-Saxon law and political institutions. India possesses the second largest steel-producing plant in the British Empire. She has a well-trained Army, Air Force, and small Navy. Her position in the Asiatic continent is of vital strategic importance. This was proven in World War II, and it will become more and more apparent as the struggle grows more difficult between Russia and her satellites and the rest of the world. It is my judgment that our relationships with India are of the utmost importance for the present and the future.

India's political leaders represent the enlightened leadership of Asia. Prime Minister Nehru is looked upon as the foremost leader of democratic forces in the Asiatic area. The countries of Burma, Indonesia, Malay, Thailand, and others look to Nehru and his government for guidance in the development of policy and program for southeast Asia and what is termed as the subcontinent.

Recently I had the privilege of being host to Bishop Pickett, outstanding church leader in India. Bishop Pickett was on a visit to the United States giving lectures throughout the country on India and her relationships with the United States. The bishop heads the work of the Methodist Church in India and has lived in that country for 40 years. He was an intimate friend of the late Ghandi and is a close personal friend of Prime Minister Nehru. Bishop Pickett and I spent 2 hours with the Under Secretary of State, Mr. James Webb, discussing American relationships with India. I entertained the bishop at a luncheon attended by Vice President Barkley; the President's new foreign affairs adviser, Averill Harriman; and Senators McMahon, Douglas, Graham, Murray, Benton, Lehman, and Green. I have every reason to believe that in the months to come, American-Indian relationship will be in the news. Much more attention will be paid to the policy and decisions of the Indian Government both in the United Nations and in her diplomatic relationships with the United States.

WHERE DO WE GO FROM HERE?

Everyone seems to have suggestions as to what to do in the Korean crisis. Several things should be kept in mind however.

First of all, Chiang wants to send 30,000 Chinese troops into southern Korea. Our Government has rejected this offer. The reason? We do not want to give justification for the Chinese Communist armies on the Korean border to attack UN forces. If the Chinese Communists move into this war we will be headed pell-mell into world war III. Every effort is being made to keep the Chinese Communists behind their borders and away from the shooting in Korea. Only time will tell what will happen. Surely the President and his advisers are following a cautious policy in an effort to localize this conflict rather than have it take on the dimensions of a catastrophic world war.

Some people have asked for an immediate, all-out mobilization. The President and his advisers have proceeded cautiously. An all-out mobilization on our part could be interpreted by Russia as a signal to get the fireworks under way and attack now in Europe before we are able to strike back. It becomes increasingly clear that this is a most ticklish

and difficult situation. To be sure, we must have sufficient mobilization not only to win in southern Korea but to fulfill our commitments in Europe and other parts of the world. Therefore, the President's program calls for voluntary enlistment, particularly of reserves and calling into service part of the National Guard. Selective service will be used to bring the Armed Forces up to the full quota. This would mean an additional 600,000 men. Additional manpower will be needed if we are to expand the naval units. America has numerous ships in storage that can be quickly put into action but manpower will be needed. I believe it safe to predict that much of the so-called moth-ball fleet, particularly carriers and cruisers, will be activated. I feel this should be done. Our supply lines are long. Fleet units are definitely needed. We ought to take every necessary step to have the fleet facilities thoroughly prepared and ready for action. Reactivation of surplus reserve military aircraft is underway.

The task of statesmanship today is to keep the world from going into an all-out war. We're mighty close to such a situation. Any slip or ill-advised move would precipitate world war III.

President Truman and his national defense officialdom and the State Department advisers are moving along the following lines:

1. Relying upon General MacArthur and our forces in Japan to handle the North Korean attack. Supplies and manpower from continental United States are being shipped to strengthen MacArthur's position. Key personnel and new equipment is on the way. It appears that things will be worse before they get better. Our problem is not to get caught in Korea by diverting too much manpower and equipment there only to have another outbreak in Iran, Yugoslavia, Finland, Germany or somewhere else.

2. Military assistance to the North Atlantic pact countries in western Europe will be stepped up. It is safe to predict that American forces on the European continent will be strengthened and new equipment made available. Our North Atlantic allies will be asked to accelerate their own defense program as we pour in new arms and equipment.

3. Our Government will call upon American industry to give priority to munitions and armed services equipment. Plane production must and will be stepped up. The North Koreans have proven that the tank is still a formidable weapon. Our bazookas and other new antitank guns have not proven too effective. Emphasis will be placed upon production of new weapons, the need of which is being demonstrated in the Korean struggle.

4. It is the general consensus in Washington that we may be subjected to an epidemic of these international crises along the North Korean pattern. The Soviet Union does not need to use her own national forces. She has her satellites who will carry the burden of the fighting. It appears that Soviet troops will be used only when Russia is ready to enter in an all-out war. It becomes obvious that if the United States must take the responsibility for squelching every Communist uprising and attack all over the world, we will seriously weaken ourselves. This hard fact demonstrates the importance of the United Nations and the collective and combined effort of the members of the UN, other than the Soviet bloc, to stand together and to undertake responsibility in their particular areas.

We should make it crystal clear that American troops are in Korea as UN forces. If America attempts to police the world on her own, the Soviet can bleed us white while we fight her Communist satellite armies and she continues to develop her own national forces without additional strain on her economy.

THE UN—AN INTERNATIONAL FORCE

It is imperative that we as Americans recognize that the UN is our international force and international instrument to meet the conspiracy of international communism. Forty-eight nations are supporting the UN resolution on Korea. These 48 nations represent a great deal more strength than the Soviet Union and her satellite states. We as a people and as a government must do everything within our power to bring the other 47 nations to an understanding that world peace cannot be maintained by the United States alone. It can and will be maintained by the United Nations acting together. We have demonstrated in Korea that we will do our part, but we ought to make it clear that the struggle against international communism can be successfully made only when the freedom-loving people represented in the United Nations work as a unit, each doing what it best is able to do, each contributing what it is capable of, and each undertaking responsibilities according to its strength of manpower, industry, and armed services.

I believe this concept of the UN enforcing world law and world order is the one means that we have of defeating the Communist plot to overwhelm the free and independent nations of the world.

FACTORS TO BE WATCHED

Neither our economy nor the economies of other nations have had a chance to fully readjust since World War II. We live under the burden of a tremendous war debt, a deficit in our Federal budget, unbelievably high commitments for our armed services, foreign aid, veterans' pensions and rehabilitation. We have endured a drastic rise in prices and wages, better known as inflation. Within the past 2 years the inflation cycle seemed to be running itself out and price readjustment was on the way. An epidemic of international incidents and small wars such as we now have in northern Korea would set the inflation spiral to work again. Right now our economic problems are as critical as our military problem, even if not so evident. If prices start to get out of hand, particularly as they refer to building and construction costs, steel, oil and fuel, strategic materials and manufactured heavy equipment, we will have trouble on our hands. Government economists are watching the economic picture very carefully. It appears that we can meet the Korean crisis without additional taxation or strict economic controls. More trouble along the Korean pattern would place a severe strain on the economy. We should be prepared to act quickly and decisively. Our whole economy can be seriously injured by run-away prices. No matter how you look at it, we face difficult times for some years to come.

We as Americans must recognize the fact that we are not living in a peaceful world. We must prepare ourselves for whatever sacrifices are necessary to maintain high budgets for military purposes, high budgets for foreign aid and high budgets to keep ourselves at a stage of alert preparedness at all times.

This is quite a change from our traditional attitude. We enjoy life and love the pleasures of good living. It is still a question as to whether we can have all we want of both "butter and guns." Fortunately, we have an expanding economy. We can absorb increased production of military equipment without drastically curtailing consumer goods. We must recognize, however, that we are in a struggle with a police state and a totalitarian economy. Russia and her satellite nations give little or no concern to consumer needs. Russia and her allies are creating a powerful force that threatens the peace and security and freedom of the rest of the world. We cannot meet this threat with half-hearted measures nor do we want to be guilty or having "too little too late." The swiftness of the North Korean attack

should demonstrate to us for once and for all that the merciless aggressor has a tremendous advantage. What happened in northern Korea could happen in Europe—yes, could happen to Alaska.

POINT 4

It is almost unbelievable but the fact remains that the Senate Committee on Appropriations has decided to reduce the point 4 program of technological and scientific aid to underprivileged peoples and underdeveloped areas from \$35,000,000 to \$10,000,000. This vital program is an integral part of our struggle against communism. We need to clearly understand that communism finds followers in people who have been exploited, who are poor, hungry, and sick. The Communist promises have succeeded in undermining the confidence of these people in their governments, and the institutions of their society. We cannot check communism by arms alone. The United Nations Assembly has recognized this fact and has entered upon a program of technological and scientific assistance to the underdeveloped countries. This is a moderate program and one directed toward lifting the living standards and health standards of those people. The so-called point 4 appropriation would be used in part in cooperation with the United Nations agencies to send trained, professional people to areas such as Indochina and other lands to help people improve their agricultural developments, their health facilities, expand their educational programs, initiate new industry and other worthy projects. Again, I say it is incredible that the Senate should be considering a drastic reduction in point 4 funds at a time when we need to demonstrate to the world that our fight against communism is not only on the military side but also in the areas of social and economic activity.

The next news letter will carry a fuller account of the point 4 debate. It is my intention to do everything in my power to have the Senate restore the full amount of funds needed for this program.

If you wish for a copy of the full text of my speech on the point 4 program, please drop me a card or letter.

ADJOURNMENT

The congressional leadership is making a determined effort to adjourn the Congress by August 1. Needless to say, all plans and schedules are subject to sudden change because of the serious international situation. It is contemplated at this time, however, that the Congress will adjourn August 1 and if need be reconvene following a short recess. This was the plan as announced by the majority leader on Monday, July 10.

APPROPRIATIONS FOR 1951

All appropriations bill are being debated and voted upon. The 1951 appropriations bill amounts to approximately \$34,600,000,000. The Senate committee has cut the President's budget by approximately \$1,400,000,000, in cash and contract authority. There is yet to be considered the program of military assistance which will add approximately \$1,300,000,000. Several proposals have been made to cut Government jobs. The Taber-Jensen-Thomas amendments requiring 10-percent reduction in Government employment has been rejected by the Senate committee as being unworkable and undesirable.

This meat-ax approach to reduction of Government employment could seriously injure Government services and thereby destroy the effectiveness of the appropriation made for the agency affected. Here's an example: A 10-percent reduction of the meat-inspection service would imperil the health-protection program of meat inspectors at slaughter and packing houses. Each

meat carcass is individually inspected under present policy. A 10-percent employment reduction would mean that 1 out of 3 carcasses would be inspected. A 10-percent cut in the Soil Conservation Service would jeopardize soil-conservation programs. It has been my policy that employment reduction should be made not on a percentage basis but on an agency-by-agency and bureau-by-bureau calculation. This can be done by the Appropriations Committee in its recommendations to the Senate for the coming year.

It is too early to determine what will happen to the budget for the armed services. The Korean situation may require additional appropriations. Military assistance will take not less than \$1,300,000,000. If we are to give military assistance to the Philippines, to Indochina and other southeastern Asiatic areas, we will have to expect greater outlays of money for these programs.

The next report will carry a complete review of the action of the Senate on appropriations. Following Senate action there will be a conference committee with the House of Representatives in order to finally determine the expenditures for the next fiscal year.

SOCIAL SECURITY

The social-security bill, H. R. 6000, is still in conference committee. The difference between House and Senate versions have yet to be ironed out. Certain conclusions, however, can be drawn. Detailed changes will be reported in a later news letter.

The debate over social-security legislation clearly demonstrates what has transpired in American political life during the past 15 years. When social security was proposed it was assailed as being "socialistic, uneconomical, regimentation, and destructive of the character and moral fiber of the people." The minority report of the Ways and Means Committee of the House of Representatives, in 1935, signed by seven members of the committee, had this to say of the social security and insurance program:

"These titles impose a crushing burden upon industry and upon labor. They destroy old-age retirement systems set up by private industry.

"They establish a bureaucracy in the field of insurance in competition with private business.

"Never in the world has any measure been brought in here so insidiously designed to prevent business recovery, to enslave workers, and to prevent any possibility of the employers providing work for the people."

These are official statements from the CONGRESSIONAL RECORD of April 19, 1935, and Conference Committee Report 615 of the Seventy-fourth Congress.

Things do change. The prophets of doom, then as now, had poor vision. In the Eighty-first Congress the House of Representatives passed the social-security-extension bill by a vote of 333 to 13. The Senate voted 81 to 2.

The bill as it goes to conference will add approximately 11,000,000 more workers to the 35,000,000 now covered. Benefits will be increased anywhere from 70 to 90 percent. A married worker can receive as much as \$120 a month as compared to \$78 under the present law. Retired workers with dependents are eligible for benefits of \$150, as compared to \$85 now. Widows of insured workers will receive increased benefits. The bill as it goes to conference permits workers to earn up to \$50 a month without loss of benefit. At present the worker is permitted to earn only \$14.95. The new bill gives credit for military service on the basis of a wage credit of \$160 a month for the time spent in service from 1940 to 1947. Employer and employee contributions are raised from 1½ to 2 percent. The House bill would apply the increased tax in 1951, the Senate in 1956.

SALUTE TO CITIES NAMED "WASHINGTON"

Mr. MARTIN. Mr. President, in connection with Washington's Sesquicentennial, a very important event took place today. There are 16 municipalities in the United States besides the city of Washington, D. C., having the name of Washington. The chairman of the Senate Committee on the District of Columbia, the very able and eloquent junior Senator from West Virginia [Mr. NEELY], presided at a luncheon held in honor of the representatives of these municipalities. The municipalities are located in Georgia, Iowa, Missouri, New Jersey, Wisconsin, Virginia, Utah, Nebraska, Texas, Indiana, and Pennsylvania.

Mr. President, the meeting was called to order by the chairman of the reception committee of the National Capital Sesquicentennial Commission, Mr. Edgar Morris. I ask unanimous consent that his statement, which is very short, be printed in the body of the RECORD as a part of my remarks.

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

SALUTE TO CITIES NAMED "WASHINGTON"

(By Edgar Morris, chairman, reception committee, National Capital Sesquicentennial Commission)

Distinguished guests, ladies, and gentlemen, it is my pleasure, as chairman of the reception committee of the National Capital Sesquicentennial Commission, to welcome you today. These words of welcome are particularly for the mayors of the communities named "Washington" who are present, and their families, because this is the day of our sesquicentennial celebration which has been designated as the day to salute other Washingtons. It is a great pleasure to add a special word of welcome to our good friends from the Senate and the House who represent Washingtons in their own States. At least 16 such cities are represented here and I think that is impressive indeed.

Today we are paying a unique tribute to the memory of George Washington. I earnestly hope you will absorb all unconsciously something of our First President's inner serenity and moral worth during your visit among us.

What a wonderful bond of association we enjoy as fellow citizens dwelling in communities blessed with such an illustrious name. He kept calm as he steered the newly-born Nation in the first years of its destiny. We must follow his example in a changing world of which George Washington may even have dreamed.

As he rode across the mud flats of Anacostia with Maj. Pierre L'Enfant, who had been commissioned to lay out the new Federal city, President Washington envisioned a beautiful city of which his fellow countrymen would be forever proud. You and I are enjoying the fruit of that vision today as we meet in the Capitol Building for which he laid the cornerstone.

When the second session of the Sixth Congress convened here on November 17, 1800—the great event our sesquicentennial commission is celebrating this year—George Washington had been sleeping in his Mount Vernon tomb for nearly a year. The infant Nation that mourned him then, honors him today.

We who are the living embodiments of the communities bearing his name have a great heritage. May we always be worthy of it.

Our form of government in the city of Washington, D. C., is different from that

of any other city. We do not have a mayor in the usually accepted meaning of that term, but we do have an unofficial mayor. He is the chairman of the Senate District of Columbia Committee. The chairman of the House District of Columbia Committee, Honorable JOHN L. McMILLAN, also plays an important part in the government of the District of Columbia. We are proud to have both of these gentlemen with us today, and it is now my privilege to introduce, to preside at this luncheon, the chairman of the Senate District of Columbia Committee, Senator MATTHEW M. NEELY.

Mr. MARTIN. Mr. President, I am very sorry that the very eloquent remarks of the Senator from West Virginia [Mr. NEELY] are not available, as he spoke extemporaneously, but he closed the meeting with an appeal to all these municipalities to emulate the work and the duties always performed by the Father of our Country, the man in whose name these various municipalities were named.

ADJOURNMENT

Mr. LUCAS. Mr. President, I move that the Senate adjourn until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 49 minutes p. m.) the Senate adjourned until tomorrow, Thursday, July 20, 1950, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 19 (legislative day of July 1), 1950:

THE EXPORT-IMPORT BANK OF WASHINGTON
TO BE MEMBER OF THE BOARD OF DIRECTORS, THE
EXPORT-IMPORT BANK OF WASHINGTON, FOR
TERM OF 5 YEARS EXPIRING JUNE 20, 1955
Hawthorne Arey, of Nebraska.
Herbert E. Gaston, of New York.
Clarence E. Gauss, of Connecticut.
Lynn U. Stambaugh, of North Dakota.

UNITED STATES COURT OF APPEALS

Hon. William Henry Hastie, of the Virgin Islands, to be judge of the United States Court of Appeals for the Third Circuit.

UNITED STATES ATTORNEYS

Thomas A. Uzzell, Jr., to be United States attorney for the western district of North Carolina.
Ray J. O'Donnell, to be United States attorney for the southern district of Ohio.

WITHDRAWAL

Executive nomination withdrawn from the Senate July 19 (legislative day of July 1), 1950:

POSTMASTER

LuElla M. Thompson, Darwin, Calif.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JULY 19, 1950

The House met at 12 o'clock noon.

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

O Thou who wert the God of our fathers, in every generation Thou hast revealed Thyself as man's unflinching friend, his ever-present help and everlasting hope.

Grant that in these days, when the whole world is groping in darkness, we

may validate this revelation by a calm and courageous faith in the guiding intelligence and invincible power of the Lord, our God.

May this be a day of unclouded vision for our President, for our Speaker, and all the chosen representatives of our Republic as they take counsel together and courageously seek to emancipate suffering and struggling humanity from the evil forces of aggression and aggrandizement.

Humbly and penitently we are invoking Thy blessing for we know that all our plans and efforts for the triumph of peace and righteousness will be futile and fruitless unless Thou dost gird us with divine wisdom and strength.

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

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

MESSAGE FROM THE PRESIDENT

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

On July 3, 1950:

H. R. 5019. An act for the relief of Fella H. Holbrook.

On July 6, 1950:

H. R. 1606. An act conferring jurisdiction upon the Court of Claims to hear and determine the claim of Auf der Heide-Aragona, Inc., and certain of its subcontractors against the United States; and

H. R. 4295. An act to provide certain benefits for annuitants who retired under the Civil Service Retirement Act of May 29, 1930, prior to April 1, 1948.

On July 10, 1950:

H. R. 1437. An act to authorize the composition of the Army of the United States and the Air Force of the United States, and for other purposes.

On July 11, 1950:

H. R. 5368. An act to authorize the Departments of the Army, Navy, and Air Force to participate in the transfer of certain real property or interests therein, and for other purposes.

On July 12, 1950:

H. R. 1169. An act for the relief of Mrs. Marion T. Schwartz; and

H. R. 4394. An act to amend sections 10, 11, and 12 of chapter V of the act of June 19, 1934, as amended, entitled "An act to regulate the business of life insurance in the District of Columbia."

On July 18, 1950:

H. R. 8568. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1951, and for other purposes.

THE KOREAN SITUATION—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 646)

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

To the Congress of the United States:

I am reporting to the Congress on the situation which has been created in Korea, and on the actions which this

Nation has taken, as a member of the United Nations, to meet this situation. I am also laying before the Congress my views concerning the significance of these events for this Nation and the world, and certain recommendations for legislative action which I believe should be taken at this time.

At 4 o'clock in the morning, Sunday, June 25, Korean time, armed forces from north of the thirty-eighth parallel invaded the Republic of Korea.

The Republic of Korea was established as an independent nation in August 1948, after a free election held under the auspices of the United Nations. This election, which was originally intended to cover all of Korea, was held only in the part of the Korean peninsula south of the thirty-eighth parallel, because the Soviet Government, which occupied the peninsula north of that parallel, refused to allow the election to be held in the area under its control.

The United States, and a majority of the other members of the United Nations, have recognized the Republic of Korea. The admission of Korea to the United Nations has been blocked by the Soviet veto.

In December 1948, the Soviet Government stated that it had withdrawn its occupation troops from northern Korea, and that a local regime had been established there. The authorities in northern Korea continued to refuse to permit United Nations observers to pass the thirty-eighth parallel to supervise or observe a free election, or to verify the withdrawal of Soviet troops.

Nevertheless, the United Nations continued its efforts to obtain a freely elected government for all of Korea, and at the time of the attack, a United Nations Commission, made up of representatives of seven nations—Australia, China, El Salvador, France, India, the Philippines, and Turkey—was in the Republic of Korea.

Just one day before the attack of June 25, field observers attached to the United Nations Commission on Korea had completed a routine tour, lasting 2 weeks, of the military positions of the Republic of Korea south of the thirty-eighth parallel. The report of these international observers stated that the Army of the Republic of Korea was organized entirely for defense. The observers found the parallel guarded on the south side by small bodies of troops in scattered outposts, with roving patrols. They found no concentration of troops and no preparation to attack. The observers concluded that the absence of armor, air support, heavy artillery, and military supplies precluded any offensive action by the forces of the Republic of Korea.

On June 25, within a few hours after the invasion was launched from the north, the Commission reported to the United Nations that the attack had come without warning and without provocation.

The reports from the Commission make it unmistakably clear that the attack was naked, deliberate, unprovoked aggression, without a shadow of justification.

This outright breach of the peace, in violation of the United Nations Charter, created a real and present danger to the security of every nation. This attack was, in addition, a demonstration of contempt for the United Nations, since it was an attempt to settle, by military aggression, a question which the United Nations had been working to settle by peaceful means.

The attack on the Republic of Korea, therefore, was a clear challenge to the basic principles of the United Nations Charter and to the specific actions taken by the United Nations in Korea. If this challenge had not been met squarely, the effectiveness of the United Nations would have been all but ended, and the hope of mankind that the United Nations would develop into an institution of world order would have been shattered.

Prompt action was imperative. The Security Council of the United Nations met, at the request of the United States, in New York at 2 o'clock in the afternoon, Sunday, June 25, eastern daylight time. Since there is a 14-hour difference in time between Korea and New York, this meant that the Council convened just 24 hours after the attack began.

At this meeting, the Security Council passed a resolution which called for the immediate cessation of hostilities and for the withdrawal of the invading troops to the thirty-eighth parallel, and which requested the members of the United Nations to refrain from giving aid to the northern aggressors and to assist in the execution of this resolution. The representative of the Soviet Union to the Security Council stayed away from the meeting, and the Soviet Government has refused to support the Council's resolution.

The attack launched on June 25 moved ahead rapidly. The tactical surprise gained by the aggressors, and their superiority in planes, tanks, and artillery, forced the lightly-armed defenders to retreat. The speed, the scale, and the coordination of the attack left no doubt that it had been plotted long in advance.

When the attack came, our Ambassador to Korea, John J. Muccio, began the immediate evacuation of American women and children from the danger zone. To protect this evacuation, air cover and sea cover were provided by the Commander in Chief of United States forces in the Far East, General of the Army Douglas MacArthur. In response to urgent appeals from the Government of Korea, General MacArthur was immediately authorized to send supplies of ammunition to the Korean defenders. These supplies were sent by air transport, with fighter protection. The United States Seventh Fleet was ordered north from the Philippines, so that it might be available in the area in case of need.

Throughout Monday, June 26, the invaders continued their attack with no heed to the resolution of the Security Council of the United Nations. Accordingly, in order to support the resolution, and on the unanimous advice of our civil and military authorities, I ordered United States air and sea forces to give the

Korean Government troops cover and support.

On Tuesday, June 27, when the United Nations Commission in Korea had reported that the northern troops had neither ceased hostilities nor withdrawn to the thirty-eighth parallel, the United Nations Security Council met again and passed a second resolution recommending that members of the United Nations furnish to the Republic of Korea such aid as might be necessary to repel the attack and to restore international peace and security in the area. The representative of the Soviet Union to the Security Council stayed away from this meeting also, and the Soviet Government has refused to support the Council's resolution.

The vigorous and unhesitating actions of the United Nations and the United States in the face of this aggression met with an immediate and overwhelming response throughout the free world. The first blow of aggression had brought dismay and anxiety to the hearts of men the world over. The fateful events of the 1930's, when aggression unopposed bred more aggression and eventually war, were fresh in our memory.

But the free nations had learned the lesson of history. Their determined and united actions uplifted the spirit of freemen everywhere. As a result, where there had been dismay there is hope; where there had been anxiety there is firm determination.

Fifty-two of the fifty-nine member nations have supported the United Nations action to restore peace in Korea.

A number of member nations have offered military support or other types of assistance for the United Nations action to repel the aggressors in Korea. In a third resolution, passed on July 7, the Security Council requested the United States to designate a commander for all the forces of the members of the United Nations in the Korean operation, and authorized these forces to fly the United Nations flag. In response to this resolution, General MacArthur has been designated as commander of these forces. These are important steps forward in the development of a United Nations system of collective security. Already, aircraft of two nations—Australia and Great Britain—and naval vessels of five nations—Australia, Canada, Great Britain, the Netherlands, and New Zealand—have been made available for operations in the Korean area, along with forces of Korea and the United States, under General MacArthur's command. The other offers of assistance that have been, and will continue to be made, will be coordinated by the United Nations and by the unified command, in order to support the effort in Korea to maximum advantage.

All the members of the United Nations who have endorsed the action of the Security Council realize the significance of the step that has been taken. This united and resolute action to put down lawless aggression is a milestone toward the establishment of a rule of law among nations.

Only a few countries have failed to support the common action to restore the peace. The most important of these is the Soviet Union.

Since the Soviet representative had refused to participate in the meetings of the Security Council which took action regarding Korea, the United States brought the matter directly to the attention of the Soviet Government in Moscow. On June 27, we requested the Soviet Government, in view of its known close relations with the North Korean regime, to use its influence to have the invaders withdraw at once.

The Soviet Government, in its reply on June 29 and in subsequent statements, has taken the position that the attack launched by the North Korean forces was provoked by the Republic of Korea and that the actions of the United Nations Security Council were illegal.

These Soviet claims are flatly disproved by the facts.

The attitude of the Soviet Government toward the aggression against the Republic of Korea is in direct contradiction to its often-expressed intention to work with other nations to achieve peace in the world.

For our part we shall continue to support the United Nations action to restore peace in the Korean area.

As the situation has developed I have authorized a number of measures to be taken. Within the first week of the fighting General MacArthur reported, after a visit to the front, that the forces from North Korea were continuing to drive south and further support of the Republic of Korea was needed. Accordingly, General MacArthur was authorized to use United States Army troops in Korea and to use United States aircraft of the Air Force and the Navy to conduct missions against specific military targets in Korea north of the thirty-eighth parallel where necessary to carry out the United Nations resolution. General MacArthur was also directed to blockade the Korean coast.

The attacking forces from the north have continued to move forward, although their advance has been slowed down. The troops of the Republic of Korea, though initially overwhelmed by the tanks and artillery of the surprise attack by the invaders, have been reorganized and are fighting bravely.

United States forces, as they have arrived in the area, have fought with great valor. The Army troops have been conducting a very difficult delaying operation with skill and determination, outnumbered many times over by attacking troops, spearheaded by tanks. Despite the bad weather of the rainy season, our troops have been valiantly supported by the air and naval forces of both the United States and other members of the United Nations.

In this connection, I think it is important that the nature of our military action in Korea be understood. It should be made perfectly clear that the action was undertaken as a matter of basic moral principle. The United States was going to the aid of a nation established and supported by the United Nations and unjustifiably attacked by an aggressor force. Consequently, we were not deterred by the relative immediate superiority of the attacking forces, by the fact that our base of supplies was 5,000 miles away, or by the further

fact that we would have to supply our forces through port facilities that are far from satisfactory.

We are moving as rapidly as possible to bring to bear on the fighting front larger forces and heavier equipment, and to increase our naval and air superiority. But it will take time, men, and material to slow down the forces of aggression, bring those forces to a halt, and throw them back.

Nevertheless, our assistance to the Republic of Korea has prevented the invaders from crushing that nation in a few days—as they had evidently expected to do. We are determined to support the United Nations in its effort to restore peace and security to Korea, and its effort to assure the people of Korea an opportunity to choose their own form of government free from coercion as expressed in the General Assembly resolutions of November 14, 1947, and December 12, 1948.

In addition to the direct military effort we and other members of the United Nations are making in Korea, the outbreak of aggression there requires us to consider its implications for peace throughout the world. The attack upon the Republic of Korea makes it plain beyond all doubt that the international Communist movement is prepared to use armed invasion to conquer independent nations. We must therefore recognize the possibility that armed aggression may take place in other areas.

In view of this, I have already directed that United States forces in support of the Philippines be strengthened, and that military assistance be speeded up to the Philippine Government and to the Associated States of Indochina and to the forces of France in Indochina. I have also ordered the United States Seventh Fleet to prevent any attack upon Formosa, and I have requested the Chinese Government on Formosa to cease all air and sea operations against the mainland. These steps were at once reported to the United Nations Security Council.

Our action in regard to Formosa was a matter of elementary security. The peace and stability of the Pacific area had been violently disturbed by the attack on Korea. Attacks elsewhere in the Pacific area would have enlarged the Korean crisis, thereby rendering much more difficult the carrying out of our obligations to the United Nations in Korea.

In order that there may be no doubt in any quarter about our intentions regarding Formosa, I wish to state that the United States has no territorial ambitions whatever concerning that island, nor do we seek for ourselves any special position or privilege on Formosa. The present military neutralization of Formosa is without prejudice to political questions affecting that island. Our desire is that Formosa not become embroiled in hostilities disturbing the peace of the Pacific and that all questions affecting Formosa be settled by peaceful means as envisaged in the Charter of the United Nations. With peace reestablished, even the most complex political questions are susceptible of solution. In the presence of brutal and

unprovoked aggression, however, some of these questions may have to be held in abeyance in the interest of the essential security of all.

The outbreak of aggression in the Far East does not, of course, lessen, but instead increases, the importance of the common strength of the free nations in other parts of the world. The attack on the Republic of Korea gives added urgency to the efforts of the free nations to increase and to unify their common strength, in order to deter a potential aggressor.

To be able to accomplish this objective, the free nations must maintain a sufficient defensive military strength in being, and, even more important, a solid basis of economic strength, capable of rapid mobilization in the event of emergency.

The strong cooperative efforts that have been made by the United States and other free nations, since the end of World War II, to restore economic vitality to Europe and other parts of the world, and the cooperative efforts we have begun in order to increase the productive capacity of underdeveloped areas, are extremely important contributions to the growing economic strength of all the free nations, and will be of even greater importance in the future.

We have been increasing our common defensive strength under the treaty of Rio de Janeiro and the North Atlantic Treaty, which are collective security arrangements within the framework of the United Nations Charter. We have also taken action to bolster the military defenses of individual free nations, such as Greece, Turkey, and Iran.

The defenses of the North Atlantic Treaty area were considered a matter of great urgency by the North Atlantic Council in London this spring. Recent events make it even more urgent than it was at that time to build and maintain these defenses.

Under all the circumstances, it is apparent that the United States is required to increase its military strength and preparedness not only to deal with the aggression in Korea but also to increase our common defense, with other free nations, against further aggression.

The increased strength which is needed falls into three categories.

In the first place, to meet the situation in Korea, we shall need to send additional men, equipment, and supplies to General MacArthur's command as rapidly as possible.

In the second place, the world situation requires that we increase substantially the size and matériel support of our Armed Forces, over and above the increases which are needed in Korea.

In the third place, we must assist the free nations associated with us in common defense to augment their military strength.

Of the three categories I have just enumerated, the first two involve increases in our own military manpower, and in the matériel support that our men must have.

To meet the increased requirements for military manpower, I have authorized the Secretary of Defense to exceed the budgeted strength of military per-

sonnel for the Army, Navy, and Air Force, and to use the Selective Service System to such extent as may be required in order to obtain the increased strength which we must have. I have also authorized the Secretary of Defense to meet the need for military manpower by calling into active Federal service as many National Guard units and as many units and individuals of the Reserve forces of the Army, Navy, and Air Forces as may be required.

I have directed the Secretary of Defense and the Joint Chiefs of Staff to keep our military manpower needs under constant study, in order that further increases may be made as required. There are now statutory limits on the sizes of the Armed Forces, and since we may need to exceed these limits, I recommend that they be removed.

To increase the level of our military strength will also require additional supplies and equipment. Procurement of many items has already been accelerated, in some cases for use in Korea, in others to replace reserve stocks which are now being sent to Korea, and in still others to add to our general level of preparedness. Further increases in procurement, resulting in a higher rate of production of military equipment and supplies, will be necessary.

The increases in the size of the Armed Forces, and the additional supplies and equipment which will be needed, will require additional appropriations. Within the next few days, I will transmit to the Congress specific requests for appropriations in the amount of approximately \$10,000,000,000.

These requests for appropriations will be addressed to the needs of our own military forces. Earlier, I referred to the fact that we must also assist other free nations in the strengthening of our common defenses. The action we must take to accomplish this is just as important as the measures required to strengthen our own forces.

The authorization bill for the mutual defense assistance program for 1951, now before the House of Representatives, is an important immediate step toward the strengthening of our collective security. It should be enacted without delay.

But it is now clear that the free nations of the world must step up their common-security program. The other nations associated with us in the mutual defense assistance program, like ourselves, will need to divert additional economic resources to defense purposes. In order to enable the nations associated with us to make their maximum contribution to our common defense further assistance on our part will be required. Additional assistance may also be needed to increase the strength of certain other free nations whose security is vital to our own.

In the case of the North Atlantic area these requirements will reflect the consultations now going on with the other nations associated with us in the North Atlantic Treaty. As soon as it is possible to determine what each nation will need to do, I shall lay before the Congress a request for such funds as are shown to be necessary to the attainment and maintenance of our common strength at an adequate level.

The steps which we must take to support the United Nations action in Korea, and to increase our own strength and the common defense of the free world, will necessarily have repercussions upon our domestic economy.

Many of our young men are in battle now, or soon will be. Others must be trained. The equipment and supplies they need, and those required for adequate emergency reserves, must be produced. They must be made available promptly, at reasonable cost, and without disrupting the efficient functioning of the economy.

We must continue to recognize that our strength is not to be measured in military terms alone. Our power to join in a common defense of peace rests fundamentally on the productive capacity and energies of our people. In all that we do, therefore, we must make sure that the economic strength which is at the base of our security is not impaired, but continues to grow.

Our economy has tremendous productive power. Our total output of goods and services is now running at an annual rate of nearly 270 billion dollars—over 100 billion dollars higher than in 1939. The rate is now about 13 billion dollars higher than a year ago, and about 8 billion dollars higher than the previous record rate reached in 1948. All the foregoing figures have been adjusted for price changes, and are therefore a measure of actual output. The index of industrial production, now at 197, is 12 percent higher than the average for last year, and 81 percent higher than in 1939.

We now have 61½ million people in civilian employment. There are 16 million more people in productive jobs than there were in 1939. We are now producing 11 million more tons of steel a year than in the peak war year 1944. Electric power output has risen from 128 billion kilowatt-hours in 1939, to 228 billion hours in 1944, to 317 billion hours now. Food production is about a third higher than it ever was before the war, and is practically as high as it was during the war years, when we were sending far more food abroad than we are now.

The potential productive power of our economy is even greater. We can achieve some immediate increase in production by employing men and facilities not now fully utilized. And we can continue to increase our total annual output each year by putting to use the increasing skills of our growing population and the higher productive capacity which results from plant expansion, new inventions, and more efficient methods of production.

With this enormous economic strength, the new and necessary programs I am now recommending can be undertaken with confidence in the ability of our economy to bear the strains involved. Nevertheless, the magnitude of the demands for military purposes that are now foreseeable, in an economy which is already operating at a very high level, will require substantial redirection of economic resources.

Under the program for increasing military strength which I have outlined above, military and related procurement

will need to be expanded at a more rapid rate than total production can be expanded. Some materials were in short supply even before the Korean situation developed. The steel industry, for example, was operating at capacity levels, and even so was not able to satisfy all market demands. Some other construction materials, and certain other products, were also under pressure and their prices were rising—even before the outbreak in Korea.

The substantial speed-up of military procurement will intensify these shortages. Action must be taken to insure that these shortages do not interfere with or delay the materials and the supplies needed for the national defense.

Further, the dollars spent now for military purposes will have a magnified effect upon the economy as a whole, since they will be added to the high level of current civilian demand. These increased pressures, if neglected, could drive us into a general inflationary situation. The best evidence of this is the recent price advances in many raw materials and in the cost of living, even upon the mere expectancy of increased military outlays.

In these circumstances, we must take action to insure that the increased national defense needs will be met, and that in the process we do not bring on an inflation, with its resulting hardship for every family.

At the same time, we must recognize that it will be necessary for a number of years to support continuing defense expenditures, including assistance to other nations, at a higher level than we had previously planned. Therefore, the economic measures we take now must be planned and used in such a manner as to develop and maintain our economic strength for the long run as well as the short run.

I am recommending certain legislative measures to help achieve these objectives. I believe that each of them should be promptly enacted. We must be sure to take the steps that are necessary now, or we shall surely be required to take much more drastic steps later on.

First, we should adopt such direct measures as are now necessary to assure prompt and adequate supplies of goods for military and essential civilian use. I therefore recommend that the Congress now enact legislation authorizing the Government to establish priorities and allocate materials as necessary to promote the national security; to limit the use of materials for nonessential purposes; to prevent inventory hoarding; and to requisition supplies and materials needed for the national defense, particularly excessive and unnecessary inventories.

Second, we must promptly adopt some general measures to compensate for the growth of demand caused by the expansion of military programs in a period of high civilian incomes. I am directing all executive agencies to conduct a detailed review of Government programs, for the purpose of modifying them wherever practicable to lessen the demand upon services, commodities, raw materials, manpower, and facilities which are in competition with those needed for na-

tional defense. The Government, as well as the public, must exercise great restraint in the use of those goods and services which are needed for our increased defense efforts.

Nevertheless, the increased appropriations for the Department of Defense, plus the defense-related appropriations which I have recently submitted for power development and atomic energy, and others which will be necessary for such purposes as stockpiling, will mean sharply increased Federal expenditures. For this reason, we should increase Federal revenues more sharply than I have previously recommended, in order to reduce the inflationary effect of the Government deficit.

There are two fundamental principles which must guide us in framing measures to obtain these additional revenues:

(A) We must make every effort to finance the greatest possible amount of needed expenditures by taxation. The increase of taxes is our basic weapon in offsetting the inflationary pressures exerted by enlarged Government expenditures. Heavier taxes will make general controls less necessary.

(B) We must provide for a balanced system of taxation which makes a fair distribution of the tax burden among the different groups of individuals and business concerns in the Nation. A balanced tax program should also have as a major aim the elimination of profiteering.

At an appropriate time, as soon as the necessary studies are completed, I shall present to the Congress a program based on these principles to assure the financing of our needs in a manner which will be fair to all our citizens, which will help prevent inflation, and which will maintain the fiscal position of the Nation in the soundest possible condition.

As a further important safeguard against inflation, we shall need to restrain credit expansion. I recommend that the Congress now authorize the control of consumer credit and credit used for commodity speculation. In the housing field, where Government credit is an important factor, I have directed that certain available credit restraints be applied, and I recommend that further controls be authorized, particularly to restrain expansion of privately financed real estate credit. These actions will not only reduce the upward pressure on prices, but will also reduce the demand for certain critical materials which are required for the production of military equipment.

Third, we must take steps to accelerate and increase the production of essential materials, products, and services. I recommend, therefore, that the Congress authorize, for national defense purposes, production loan guaranties and loans to increase production. I also recommend that the Congress authorize the making of long-term contracts and other means to encourage the production of certain materials in short supply.

In the forthcoming midyear economic report, I shall discuss in greater detail the current economic situation, and the economic measures which I have recommended. If these measures are made

available promptly, and firmly administered, I believe we will be able to meet military needs without serious disruption of the economy.

If we are to be successful, there must be sensible and restrained action by businessmen, labor, farmers, and consumers. The people of this country know the seriousness of inflation, and will, I am sure, do everything they can to see that it does not come upon us. However, if a sharp rise in prices should make it necessary, I shall not hesitate to recommend the more drastic measures of price control and rationing.

The hard facts of the present situation require relentless determination and firm action. The course of the fighting thus far in Korea shows that we can expect no easy solution to the conflict there. We are confronted in Korea with well-supplied, well-led forces which have been long trained for aggressive action. We and the other members of the United Nations who have joined in the effort to restore peace in Korea must expect a hard and costly military operation.

We must also prepare ourselves better to fulfill our responsibilities toward the preservation of international peace and security against possible further aggression. In this effort, we will not flinch in the face of danger or difficulty.

The free world has made it clear, through the United Nations, that lawless aggression will be met with force. This is the significance of Korea—and it is a significance whose importance cannot be overestimated.

I shall not attempt to predict the course of events. But I am sure that those who have it in their power to unleash or withhold acts of armed aggression must realize that new recourse to aggression in the world today might well strain to the breaking point the fabric of world peace.

The United States can be proud of the part it has played in the United Nations action in this crisis. We can be proud of the unhesitating support of the American people for the resolute actions taken to halt the aggression in Korea and to support the cause of world peace.

The Congress of the United States, by its strong, bipartisan support of the steps we are taking and by repeated actions in support of international cooperation, has contributed most vitally to the cause of peace. The expressions of support which have been forthcoming from the leaders of both political parties for the actions of our Government and of the United Nations in dealing with the present crisis, have buttressed the firm morale of the entire free world in the face of this challenge.

The American people, together with other free peoples, seek a new era in world affairs. We seek a world where all men may live in peace and freedom, with steadily improving living conditions, under governments of their own free choice.

For ourselves, we seek no territory or domination over others. We are determined to maintain our democratic institutions so that Americans now and in the future can enjoy personal liberty, economic opportunity, and political equality. We are concerned with advancing

our prosperity and our well-being as a Nation, but we know that our future is inseparably joined with the future of other free peoples.

We will follow the course we have chosen with courage and with faith, because we carry in our hearts the flame of freedom. We are fighting for liberty and for peace—and with God's blessing we shall succeed.

HARRY S. TRUMAN.

THE WHITE HOUSE, July 19, 1950.

IRVING W. SWANSON

Mr. MARTIN of Massachusetts. Mr. Speaker, I send to the desk a resolution (H. Res. 713) and ask for its immediate adoption.

The Clerk read as follows:

Resolved, That pursuant to the Legislative Pay Act of 1929, as amended, Irving W. Swanson is hereby designated a minority employee (to fill an existing vacancy) until otherwise ordered by the House, and receive compensation at the basic rate of \$7,000 per annum.

The resolution was agreed to.

A motion to reconsider was laid on the table.

AMENDMENT OF SECTION 120 OF THE INTERNAL REVENUE CODE

Mr. REED of New York. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 7303) to amend section 120 of the Internal Revenue Code.

The Clerk read the title of the bill.

Mr. RICH. Mr. Speaker, reserving the right to object, what does the bill do?

Mr. REED of New York. Mr. Speaker, section 120 of the Internal Revenue Code permits an unlimited deduction for charitable contributions in the case of an individual whose charitable contributions in the current taxable year and in each of the 10 preceding years, plus his income taxes paid during the year with respect to preceding years exceeded 90 percent of his net income.

The Current Tax Payment Act enacted in 1943 provided however that payments of income tax made during that year should be deemed to be on account of 1943 income tax and it therefore had the unintended effect of nullifying that part of section 120 which includes taxes paid during the year on account of preceding years as a factor in arriving at the figure which should constitute 90 percent of the net income.

This has been recognized as an oversight by Congress and accordingly H. R. 7303 merely provides that taxes paid not only with respect to the past year but also those paid for the current year may be used as a factor in arriving at the 90-percent figure for purposes of section 120. Thus, for example, if during the calendar year 1950 a taxpayer makes charitable gifts amounting to 20 percent of his net income and his payments of current taxes amount to 50 percent and payments of taxes for prior years amount to 25 percent, the 90 percent requirement of section 120 would be satisfied for such year.

In order to make the desired coordination of section 120 with the Current Tax Payment Act of 1943 the amendment

contained in H. R. 7303 is retroactive to taxable years beginning after December 31, 1942.

The present situation works a great injustice to the very few taxpayers in the country who have fully complied with the requirements of section 120 for 10 successive years prior to 1943, and then found that the tax benefit which had apparently been assured to them was taken away from them through their not being allowed in the eleventh year—1943—to include in the 90-percent limitation any taxes paid in 1943, since all of the taxes which they had paid in 1943 were treated as not payments on account of prior years taxes but of 1943 taxes.

The SPEAKER. Is there objection to the present consideration of the bill?

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

Be it enacted, etc., That section 120 of the Internal Revenue Code (relating to unlimited deduction for charitable and other contributions) is hereby amended by striking out "in respect of preceding taxable years" and inserting in lieu thereof "in respect of such year or preceding taxable years."

Sec. 2. The amendment made by this act shall be applicable to taxable years beginning after December 31, 1942.

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

MUTUAL DEFENSE ASSISTANCE ACT OF 1949

Mr. KEE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (S. 3809) to amend the Mutual Defense Assistance Act of 1949.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (S. 3809) to amend the Mutual Defense Assistance Act of 1949, with Mr. MILLS in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Time for general debate on the bill expired on yesterday. The Clerk will now read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That section 101 of the Mutual Defense Assistance Act of 1949 is hereby amended to read as follows:

"Sec. 101. In view of the coming into force of the North Atlantic Treaty and the establishment thereunder of the Council and the Defense Committee which will recommend measures for the common defense of the North Atlantic area, and in view of the fact that the task of the Council and the Defense Committee can be facilitated by immediate steps to increase the integrated defensive armed strength of the parties to the treaty, the President is hereby authorized to furnish military assistance in the form of equipment, materials, and services to such nations as are parties to the treaty and request such assistance. Any such assistance furnished under this title shall be subject to agreements, further referred to in section 402, designed to assure that the assistance will be used to promote an integrated defense of the North Atlantic area and to facilitate the development of defense plans by the Council and the Defense Committee under article 9 of the North Atlantic Treaty and to realize unified

direction and effort; and after the agreement by the Government of the United States with defense plans as recommended by the Council and the Defense Committee, military assistance hereunder shall be furnished only in accordance therewith."

SEC. 2. Section 102 of such act is hereby amended by designating such section as subsection (a) and by adding thereto subsection (b) to read as follows:

"(b) In addition to the amounts heretofore authorized to be appropriated, there are hereby authorized to be appropriated to the President for the year ending June 30, 1951, out of any money in the Treasury not otherwise appropriated, for carrying out the provisions and accomplishing the policies and purposes of this title, not to exceed \$1,000,000,000."

SEC. 3. Section 104 of such act is hereby amended to read as follows:

"SEC. 104. None of the funds made available for carrying out the provisions of this act or the act of May 22, 1947, as amended, shall be utilized (a) to construct or aid in the construction of any factory or other manufacturing establishment outside of the United States or to provide equipment (other than production equipment, including machine tools) for any such factory or other manufacturing establishment, (b) to defray the cost of maintaining any such factory or other manufacturing establishment, (c) directly or indirectly to compensate any nation or any governmental agency or person therein for any diminution in the export trade of such nation resulting from the carrying out of any program of increased military production or to make any payment, in the form of a bonus, subsidy, indemnity, guaranty, or otherwise, to any owner of any such factory or other manufacturing establishment as an inducement to such owner to undertake or increase production of arms, ammunition, implements of war, or other military supplies, or (d) for the compensation of any person for personal services rendered in or for any such factory or other manufacturing establishment, other than personal services of a technical nature rendered by officers and employees of the United States for the purpose of establishing or maintaining production by such factories or other manufacturing establishments to effectuate the purposes of this act and in conformity with desired standards and specifications."

SEC. 4. Title II is hereby amended by changing its designation to read as follows:

"GREECE, TURKEY, AND IRAN"

SEC. 5. Section 201 of such act is hereby amended by designating such section as subsection (a) and by adding thereto subsection (b) to read as follows:

"(b) In addition to the amounts heretofore authorized to be appropriated, there are hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, not to exceed \$131,500,000 to carry out the provisions of the act of May 22, 1947, as amended, and for the purpose of furnishing military assistance to Iran as provided in this act, for the year ending June 30, 1951. Whenever the furnishing of such assistance will further the purposes and policies of this act, the President is authorized to furnish military assistance as provided in this act to Iran."

SEC. 6. Section 301 of such act is hereby amended by striking out the word "Iran" and the comma which follows it.

SEC. 7. Section 302 of such act is hereby amended by designating such section as subsection (a) and by adding thereto subsection (b) as follows:

"(b) In addition to the amounts heretofore authorized to be appropriated, there are hereby authorized to be appropriated to the President for the year ending June 30, 1951, out of any moneys in the Treasury not oth-

erwise appropriated, for carrying out the provisions and accomplishing the purposes of section 301, as amended, not to exceed \$16,000,000."

SEC. 8. Section 303 of such act is hereby amended by designating such section as subsection (a) and by adding thereto subsection (b) to read as follows:

"(b) In addition to the amounts heretofore authorized to be appropriated, there are hereby authorized to be appropriated to the President, out of any moneys in the Treasury not otherwise appropriated, the sum of \$75,000,000, to be used as provided in subsection (a) of this section, of which not more than \$35,000,000 may be accounted for as therein provided and any amount accounted for in such manner shall, with the exception of \$7,500,000, be reported to the Committee on Foreign Relations of the Senate, the Committees on Armed Services of the Senate and of the House of Representatives, and the Committee on Foreign Affairs of the House of Representatives."

SEC. 9. Section 403 (d) of such act is hereby amended to read as follows:

"SEC. 403. * * *"

"(d) Not to exceed \$450,000,000 worth of excess equipment and materials may be furnished under this act or may hereafter be furnished under the act of May 22, 1947, as amended: *Provided*, That during the fiscal year ending June 30, 1951, an additional \$250,000,000 worth of excess equipment and materials may be so furnished. For the purposes of this subsection, the worth of any excess equipment or materials means either the actual gross cost to the United States of that particular equipment or materials or the estimated gross cost to the United States of that particular equipment or materials obtained by multiplying the number of units of such particular equipment or materials by the average gross cost of each unit of that equipment or materials owned by the furnishing agency."

SEC. 10. Section 403 is hereby amended by adding a new subsection (e) to read as follows:

"(e) Funds heretofore appropriated and the contract authority heretofore granted to the President under the head 'Mutual Defense Assistance Act' in the Second Supplemental Appropriation Act, 1950, are hereby authorized to be made available until June 30, 1951."

SEC. 11. Section 404 of such act is hereby amended to read as follows:

"SEC. 404. The President may exercise any power or authority conferred on him by this act through such agency or officer of the United States as he shall direct, except such powers or authority conferred on him in section 405, in clause (2) of subsection (b) of section 407, and in subsection (c) of section 408."

SEC. 12. (a) Section 408 (c) of such act is hereby amended to read as follows:

"(c) Whenever he determines that such action is essential for the effective carrying out of the purposes of this act, the President may from time to time utilize not to exceed in the aggregate 10 percent of the funds and contract authority made available for the purposes of any title of this act for the purposes of any other title, or in the event of a development seriously affecting the security of the North Atlantic area for the purpose of providing military assistance to any other European nation whose strategic location makes it of direct importance to the defense of the North Atlantic area and whose immediately increased ability to defend itself, the President, after consultation with the governments of the other nations which are members of the North Atlantic Treaty, finds contributes to the preservation of the peace and security of the North Atlantic area and is vital to the security of the United States. Whenever the President makes any

such determination he shall forthwith notify the Committee on Foreign Relations of the Senate, the Committees on Armed Services of the Senate and of the House of Representatives, and the Committee on Foreign Affairs of the House of Representatives."

(b) Section 408 (d) of such act is hereby amended to read as follows:

"(d) Upon approval by the President, any currency of any nation received by the United States for its own use in connection with the furnishing of assistance under this act may be used for expenditures for essential administrative and operating expenses of the United States incident to operation under this act and the amount, if any, remaining after the payment of such expenses shall be used only for purposes specified by act of Congress."

(c) Section 408 (e) of such act is hereby amended to read as follows:

"(e) (1) The President may, from time to time, in the interest of achieving standardization of military equipment and in order to provide procurement assistance without cost to the United States, transfer, or enter into contracts for the procurement for transfer of, equipment, materials or services to: (A) nations eligible for assistance under title I, II, or III of this act, (B) a nation which has joined with the United States in a collective defense and regional arrangement, or (C) any other nation not eligible to join a collective defense and regional arrangement referred to in clause (B) above, but whose ability to defend itself or to participate in the defense of the area of which it is a part, is important to the security of the United States: *Provided*, That, prior to the transfer of any equipment, materials, or services to a nation under this clause (C), it shall provide the United States with assurance that such equipment, materials, or services are required for and will be used solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area of which it is a part, and that it will not undertake any act of aggression against any other State: *Provided further*, That, in the case of any such transfer, the President shall forthwith notify the Committee on Foreign Relations of the Senate, the Committees on Armed Services of the Senate and of the House of Representatives, and the Committee on Foreign Affairs of the House of Representatives."

"(2) Whenever equipment or material is transferred from the stocks of, or services are rendered by, any agency, to any nation as provided in paragraph (1) above, such nation shall first make available the fair value, as determined by the President, of such equipment, materials, or services. The fair value shall not be less for the various categories of equipment or materials than the 'value' as defined in subsection (c) of section 403: *Provided*, That with respect to excess equipment or materials the fair value may not be determined to be less than the value specified in paragraph 1 of that subsection plus (a) 10 percent of the original gross cost of such equipment or materials; (b) the scrap value; or (c) the market value, if ascertainable, whichever is the greater. Before a contract is entered into, such nation shall (A) provide the United States with a dependable undertaking to pay the full amount of such contract which will assure the United States against any loss on the contract, and (B) shall make funds available in such amounts and at such times as may be necessary to meet the payments required by the contract in advance of the time such payments are due, in addition to the estimated amount of any damages and costs that may accrue from the cancellation of such contract: *Provided*, That the total amount of outstanding contracts under this

subsection, less the amounts which have been paid the United States by such nations, shall at no time exceed \$100,000,000."

Sec. 13. The present section 405 (d) of such act is renumbered as section 405 (e) and a new subsection 405 (d) is added to read as follows:

"(d) if, in the case of any nation, which is a party to the North Atlantic Treaty, the President determines after consultation with the North Atlantic Treaty Council that such nation is not making its full contribution through self-help and mutual assistance in all practicable forms to the common defense of the North Atlantic area; and in the case of any other nation, if the President determines that such nation is not making its full contribution to its own defense or to the defense of the area of which it is a part."

Mr. KEE (interrupting reading of the bill). Mr. Chairman, I ask unanimous consent that the further reading of the bill be dispensed with and that it be open for amendment at any point in the bill.

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

There was no objection.

Mr. KEE. Mr. Chairman, I move to strike out the last word.

Mr. KEE. Mr. Chairman, in my attempt yesterday to explain this bill I told the members of the Committee that it had been passed by the Senate without a dissenting vote. The vote on the passage of this bill in the other body was 66 to 0.

Mr. Chairman, this bill has been considered by the Committee on Foreign Affairs of the House for a period of approximately 6 weeks. We had evidence from practically all of the departments of the Government, particularly the military and State Departments. We went into the matter in light of our experience on the basic measure last year and in light of the evidence that we had before us during the hearings of the present year. We went into the matter in light of the action of the Senate on the bill and after thorough and complete and earnest study of the matter. With 18 members of the committee present and six members voting by proxy, the bill was reported out of the Committee on Foreign Affairs without a dissenting vote, to wit, 24 to 0.

Mr. Chairman, I am proud of the action of the Committee on Foreign Affairs, I am proud of the action of those members of the committee who are of different political faith from myself. For the past 18 years I have been a member of and working with the committee. There are perhaps only two members of the committee, in addition to myself, who were members when I came here 18 years ago. My beloved and distinguished friend, Dr. EATON of New Jersey, has been a tower of strength to me and has stood at my right side at all times when his help was needed most. The gentleman from Ohio [Mr. VORYS] has been with me in all of these measures for the good of the country. They have ignored their political affiliations, they have overlooked all factional and all partisan politics for the purpose of joining me in doing what we believed to be in our country's interest. The committee, as I have stated, thor-

oughly studied this measure, and after due thought, the 24 members voted to report the bill out, and all join me in hoping that no amendment will be offered or accepted to the bill. As I stated, this measure was passed unanimously by the other body after long and earnest consideration. We of the House committee, have gone into it carefully. We cannot possibly see where any improvement can be made in the bill.

If the bill is passed in its present form and as it came to us from the Senate, there will be avoided the trouble of going to conference in order to iron out little matters of difference that might be injected by amendments. I asked that the bill be open for amendment at any place, but I do hope that no amendment will be offered. If one is offered I ask you in all sincerity—and I think I am joined in that request by members of my committee, including those who are of opposite political faith—that it not be adopted. In the interest of our country at a critical time, let us stand shoulder to shoulder and side by side on this important matter.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, like the gentleman from West Virginia [Mr. KEE], chairman of the Committee on Foreign Affairs, I hope that there will be no amendments offered to this bill, and if any are offered, that they will be rejected. I recognize some Members are interested in amendments, and there are some that I personally agree with, but that is another day. We can take care of that on some other occasion.

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

Mr. McCORMACK. I will be glad to yield to the gentleman.

Mr. VORYS. The message of the President just delivered indicates that after checking with the other free nations there will be, in a short time, further consideration of this legislation, in the light of the then situation. At that time, and when that consideration takes place, the committee will certainly be glad to consider changes in this legislation.

Mr. McCORMACK. There is no question about that.

Mr. VORYS. At the present time the President has joined in the unanimous request of your Committee on Foreign Affairs that we shoot this thing through in a hurry as is. Any Member who wants to suggest changes in the pattern can have them considered properly without bringing them up today, and it would seem quite in order for the House to comply with the suggestion of the President and both sides of the Committee on Foreign Affairs.

Mr. McCORMACK. I am in complete agreement with my friend, and I think that the gentleman from Ohio [Mr. VORYS] made a very pointed observation that Members could suggest amendments, talk about them. I hope that quick action will be taken on this bill, because that is the best message to the world, as well as the suggested amendments that the Members have in mind and what they hope the committee will consider in connection with future legis-

lation. I think it is vitally important to get this bill through as reported out by the committee.

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

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

Mr. JAVITS. Since all the members of the Committee on Foreign Affairs were in favor of a Pacific pact, they certainly could have amended the bill, but they exercised their self-discipline and did not even amend it to that extent, though they were unanimous.

Mr. McCORMACK. Take Spain, for example. I think we ought to reestablish our diplomatic relations with Spain. I have stated that publicly repeatedly. We know that the action that the Security Council of the United Nations took was unwise, but they are to meet shortly and we hope that they will take care of the situation and take counter action, and that our Ambassador will be sent back to Spain at once. I think personally it should have been done long ago, in fact, our Ambassador should never have been recalled. But, under this bill the President has the power to improve that situation with reference to Spain under the North Atlantic Pact and such action would be in the national interest of our own country. And, while I have very strong views on this bill, as far as any amendment to this bill is concerned I think that can wait until later on, because this law is probably going to be amended later on; as it should be. Any amendment offered would only embarrass this bill which is of vital importance at the present time.

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

Mr. McCORMACK. I yield to the gentleman from Mississippi.

Mr. COLMER. I want to concur in the particular statement of the gentleman from Massachusetts regarding the recognition of Spain. I made a similar statement upon the floor when the able gentleman from South Carolina was speaking on that subject some weeks ago, and received some adverse criticism therefor. But, I am even more convinced now than I was then, in the light of recent world developments, that my position then was a correct one. If we are going to fight communism, we have got to fight it with all of the materials available. I want to commend my friend for the position he takes.

Mr. McCORMACK. The uppermost question in the mind of the gentleman from Mississippi and in the minds of the people of the United States is what course of action is for the national interest of the United States. Fortunately, the national interest of our country is consistent with the best interests of freedom-loving people throughout the world and who want to be free as far as their future aspirations are concerned. But above all, the national interest of our own country is and should be uppermost in the minds of all of us.

Mr. Chairman, on January 23, 1947, I stated in a speech in the House of Representatives:

I publicly charge that the failure to bring about permanent peace today is due to the unwillingness of the representatives of the

Soviet Union to cooperate with the understanding necessary to bring about a world peace.

In addition to the European situation we must also consider Communist efforts in Asia and all over the Far East.

On March 28, 1947, I said, in part:

Soviet Union is using its ideology to challenge the way of life we believe in, as well as it being a part of its military effort to encircle America. Yes, we are interested in China, not only for the affection for the people of China, although we cannot be interested alone because of sentiment or affection, we are vitally interested, as I see it, because the national interest of our country prompts it.

On March 31, 1948, I said, in part:

We cannot afford at this time to let even the smallest speck of an island in the Atlantic get into the hands of a potential enemy of ours (Soviet Union).

On February 14, 1949, I said, in part:

The Soviet Union is challenging our way of life; that the ideology known as communism is simply used by the Soviet Union as a nation to deceive people and through it take over country after country and bring them within the orbit of the Soviet Union.

The Soviet Union is imperialistically inclined. Its imperialism takes the form of an ideology to dominate the world. Ultimately every one of their actions is aimed at the United States of America.

The American people can stand only so much and if the Soviet Union thinks they can proceed on the theory that we are afraid of them, they are likely to wake up some morning realizing that they have misunderstood the mind and the temper of the people of America.

On October 14, 1949, I said, in part:

Communism attempts to impose its ideology by any and all means upon all the peoples of the world. The imperialistic policies and intentions of the Soviet Union are hidden behind the Communist ideology, and as this ideology spreads, imperialistic Soviet Union steps in and takes over.

On January 19, 1950, I said, in part:

Should we fail to act in the case of southern Korea, the last foothold of democracy in northeast Asia will be lost.

On March 28, 1950, I also said, in part:

The Soviet Union is trying to drive us out of Europe and Asia, in order to get control of the productive capacity of western Europe and in turn use it against us and in southeastern Asia to get control of the raw materials which they need today.

The American people want to live in peace with all other peoples, but not at the sacrifice of liberty.

There is nothing that America seeks only friendly relations and peace with all nations, but peace with liberty not peace with slavery.

Dictators are quite prone in their feelings of exaltation, of grandeur, or imperialism to underestimate the minds and the courage of a free people, and a people who are determined to remain free.

They fail to understand the moral values that make up the minds and determine the actions of a people determined to continue to possess freedom and liberty, but if they are wise they will profit by the past experiences and fortunes of dictators who dreamed and undertook to have their dreams and destructive ambitions accomplished.

Let the masters of the Kremlin remember that only a few years ago Hitler dreamed—had ambitions—warred and was defeated by peoples who wanted freedom and peace.

Let those persons take heed that there is no division among Americans; that the American people recognize the danger today far better than they did in 1939-40-41, and that other free peoples recognize the danger.

The masters of the Kremlin should know that America and other free peoples under the leadership of President Truman are not going to have another Munich.

So far as we of America and other free countries are concerned, we have had plenty of warnings.

The latest and most effective is the Communist aggression against South Korea.

It is now apparent the Communist leaders thought the United States would not join issue on Korea, but permit southern Korea to be conquered and a good part of its people liquidated.

They expected we would make diplomatic protests only, and behind their subtle words of diplomacy laugh and jeer at us.

They expected only diplomatic words of protest on our part, and also Great Britain and other remaining free countries, and that the result, if our country followed the course of fear and appeasement would be a complete loss of prestige for us throughout the world, with all other free countries losing confidence in the United States.

The attack on Korea is a warning and a signal to us.

It should tell us that communism aims for world domination. Communism stands for aggression, imperialism, conquest of countries, enslavement of peoples; either that or death.

The attack on Korea has shown the world more than anything else the necessity for preparedness.

We have and will have hard decisions to make, but we should do so with courage.

It is better for us to resolve any doubts in favor of power, rather than weakness.

Mr. JAVITS. Mr. Chairman, I move to strike out the last word.

I join with my colleagues on the Republican side and with the majority leader in the expectation and hope that we will pass this bill immediately and unanimously, indeed, as it was in the other body.

I wish to take only a minute or two to comment upon the President's message. The President's message at long last reflects a widespread feeling in the country that we are beginning to take action in the magnitude, with the decision and—I emphasize this—the self-sacrifice which it is going to take to defeat this Communist menace. We are laying aside business as usual, which we should have done 5 years ago, in order to deal with this very real threat to our freedom and to the integrity of our country, and of the world.

I regret that the President completely bypassed doing anything with respect to the runaway cost of living, indications of

which are already present. I should have hoped that the least he could have done on that score would be to establish the necessary conservation agency which would guide both business and consumers in their own self-discipline, in an effort to avoid runaway price increases and matériel shortages.

I think it is clear to everybody, and it certainly should be clear to us, that the one thing which will be grist for the Communist mill is a depression, a cataclysmic depression in the United States. It is the one thing the Communists are counting on, the one thing they are hoping for. The figures showing America's economic strength and America's economic resources which are contained in the President's message are certainly the most eloquent answer as to our capability to defeat communism. What we are talking about now is how to harness those figures and make them fighting soldiers in the cause of democracy for the free peoples. The President's message is a good beginning.

Mr. RICH. Mr. Chairman, I move to strike out the last word.

Mr. RICH. Mr. Chairman, to me this is a solemn, solemn occasion. I was in the well of this House after Pearl Harbor when all the Members of the House got together almost as a unit to defend this great Nation of ours, to try to make the world safe for democracy.

I want to stop communism, starting here at home. We should lock up every Communist we can find. No time to do any more fooling. Mr. Chairman, you should start with Harry Bridges.

I have listened to the statement made here by the chairman trying to get a unanimous vote on this bill, and I have listened to the President's message which was just read to us. I have a heavy heart. I feel very bad personally. I was in my office this morning trying to check over the statements made by Members of the House yesterday. I have come to the conclusion that when you want to try to get a unanimous report it is almost a heartbreaking thing when you see some of the things that have happened in the last few years by this administration. We talk about being a peace-loving nation. Instead of trying to use our efforts to bring peace to the world, we are doing too much war talk, too much warmongering, and we are getting into too many foreign complications. During the last year when we started to arm all the nations of Europe under the North Atlantic Pact I opposed that greatly and I have not voted for any of it. I just cannot vote for that feature of the bill because I believe it is wrong.

If you want to get peace, why, then prepare for peace and try to do things by peaceful means instead of going out and trying to arm the whole world figuring that you are going to get peace by arming all the nations of the world. It is proper to arm our own Nation. That is what I would be willing to do for our own defense. We have been doing a great deal in that respect. In 1946 we spent over \$45,000,000,000. In 1947 over \$14,250,000,000. In 1948 about \$11,000,000,000. In 1949, \$12,000,000,000. In the last 4 years we have spent \$82,000,000,000

or more for our armed services. What has happened to all that money? Where are we today, if we are not prepared to defend ourselves? It makes it hard for someone to get up here and vote for this legislation now when this legislation provides for \$1,222,500,000 to arm all these countries in Europe of the North Atlantic Pact when from the appropriation that you made last year there is still remaining \$214,000,000, and add that to the appropriation that you want now, it makes \$1,436,500,000 to arm other nations. That is a great deal of money to me. But it is not all the money that we are being asked for here to arm others. It is the fact that we are arming all the nations of the world instead of trying to get things done by peaceful means and working these things out in a peaceful way. I just do not believe in the way that the President is doing it that you are going to get peace. It is war—notwithstanding he says we are not at war in Korea.

The way we are going at it, we are going to continue to have war. When you build up the war machines of these other nations, they will want to use them. You might say, "We do not want to do it"—no; but when you arm all these other nations, you do not know whether they are going to be armed for the purpose of trying to do something that we want done, or whether they might want to use the arms against us.

I wonder what we are going to do if you conquer Korea now? Then you may have to go into China. We do not want Korea. We do not want any part of it. What are we going to do if you have to go into China and war in China. You are going to have the biggest wildcat by the tail that you ever had in your life. I would rather not touch it at all. I do not want any part of it. But there are other nations that you are going to have to do the same thing with, and then where are you? After you get into those countries, you will wreck America. That is just what you are going to do and that is just the thing I do not want any part of. I cannot see how you are going to do it, but I do want to say this—when there are so many of you here and you all seem to be as a unit on this, I do not want to be the one who is going to be standing by and try to oppose all of you. I have always believed in the majority rule. I want to be with the majority of Americans to do the things that are good for America, but I just do not think you are doing the right thing. The President is not doing the right things. It grieves me greatly to see you taking this attitude in trying to force this legislation down our throats. God save America—because I do not believe you are doing it.

It looks like the President is getting us into world war III a little at a time. Now, watch out that you do not wreck our country, trying to save the world. Let every nation in the United Nations send their men to the front-line trenches. Do not expect American boys to be killed to save the world and the world standing by watching us try to do it. You will kill our own boys and wreck our Government.

God save America, let the people wake up before it is too late.

Mr. WALSH. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have taken this microphone but few times since I have been a Member of this House. I sat here yesterday and listened to these debates with great interest. I do not think the American people are interested in apologies. I do not think the American people are interested in how any Member on either side voted on previous legislation. I think the American people are willing to recognize the fact that we are in a shooting war, and war is not like a horse race. We do not collect any prize for running second or making a show. We are in a war that is going to determine the future conduct of the world from this time on.

I happen to be the father of four young children, and I want them to have the same opportunities that you and I had. I think it is time for this Congress to act and to follow the recommendations of the President and cease all of this conversation and blaming one another and trying to apologize. I, for one, do not care how any Member voted previously. The vote today is the vote that counts. We are interested from this time on in how Members vote in preparing this Nation for a war that may go to the proportions of the Second World War, and I think we should cease our conversation and get down to a vote.

Mr. Chairman, we are now engaged in a hot war; it is yet small in comparison to the First and Second World Wars, and we hope it will remain that way, and will soon be over.

However, I feel that we are just seeing the beginning of the third world war. My opinion on this matter is based upon a study of past history and a knowledge of the ideas and purposes of the Communist Party and the Comintern in Moscow.

The Soviet Union and it alone will determine whether or not there is at this time a third world war—the Korean war was not a war of our choosing. It is a war fought a long way from the shores of this Nation; a war that is difficult to explain to our people, but a war that is as important to win as any we have ever been engaged in.

For more than 100 years we have had a blueprint of what we could expect from Marxism and the plan of the Communists to take over the world. Just 33 years ago the Communists seized the government in Russia and from that day we have seen the everlasting and constant efforts of that nation to force its evil influence upon the rest of the world.

We must all now be aware that there is no twilight zone in this world, either we are to live in peace, or the world will be enslaved and fettered in chains. We have two ideologies, one representing the Christian approach to the problems of men and the other representing the evil. This is a battle of survival and will not cease until one or the other is defeated.

My greatest fear is the extent of a world war and its eventual cost in lives and property. We cannot expect an easy victory, a victory for right is never easily obtained. I wonder just how the

democratic world would respond to a war of 10 to 20 years' duration, and it could well take that long.

To the Communist, time means little in the over-all picture, if victory is assured in the end. By prolonging a war and by delaying action and the wearing out of the patience of the people of the democracies and their will to fight, they hope to obtain a negotiated peace; that means victory for them. This fear is felt among many of the great military minds of this Nation.

It is difficult for me to believe that the Korean War is not part of global plan of the Soviet Union. A preface, or preliminary move. Quick, decisive and positive action must be our job now. Victory must come soon so as to convince the other nations of the world that America has the strength and the will to fight.

We must accept the fact that war is no longer around the corner; it is here. The North Koreans are confident of victory. This is evidenced by the fact that they are taking few prisoners of war, and killing many of those they do take. They do not expect to ever stand before a world court of justice.

We refused to accept, for a long time, the fact that Russia was determined to destroy us, and the rest of the world, to spread her ideology of hate. We did appease this giant of nations in a hope that peace could be maintained.

There were those in this Nation that cried out during the past 5 years, for business as usual. We economized at the expense of our country. We failed to recognize that we were living in an uneasy period of armistice. Now we have awakened to find ourselves at war, and the papers each day carrying a list of the war casualties.

As a Nation, and a people, we have been guilty of gross neglect. There are extenuating circumstances. Surely, we loved peace, we love our neighbor, we abhor war, we want to maintain our high standard of living; we want lower taxes, we do not wish to have controls; we do not like to prepare for a war that may never come because of the cost, and for many many other reasons, but the truth is, we were guilty of the most gross negligence, and the blood of the boys dying in Korea is on all of our hands, yours and mine. Tears, regrets, name calling, shifting of blame will not win this war or keep us out of any to come. We live today and hope for tomorrow.

It is my considered judgment and the judgment of many in high places, who should know, that we have at the very best, a 6 months' to a possible 9 months' period before full hostilities. Mind you, I said, possible. We may have 6 hours or 6 days or 6 weeks. However, whatever the time may be, there is no such thing as painless preparedness. Half measures are not sufficient.

The Atlantic Pact, recently cementing America and the free democratic nations of the world has not yet produced the pooling of resources and manpower. There is no Pacific pact. With all due respect to our valiant allies, the responsibility of conducting the Korean War and preparing for any future eventuality falls upon the shoulders of this Nation.

The chief barrier now to all-out effort is unwillingness to face the fact that war with Russia is almost inevitable. Our officials are hesitant to ask the American people to make the necessary sacrifices that are involved.

My friends, as the father of four little children, not of school age, and I feel strongly about this matter of preparedness, I want these babies to have a free world to live in and to have some hope of peace and security. I am personally willing to make any sacrifice for their, and all of our children's future. Not only is the security of their future in doubt, but there is serious possibility that their very lives may be snuffed out in case of an atomic war.

We have been selling ourselves the quack remedy of painless preparation. There is no such thing. Preparation for war is next to war itself. It means the highest form of personal sacrifice. We cannot have short hours of work, all the meat we want; butter, coffee, cheap housing and rent and prepare to fight a global war. Many of these little things in life may have to be sacrificed. A strong military, second to none, is our goal.

In this battle of survival, unlike a horse race, there is no second place; it is victory or complete and final defeat.

Dr. William Lowe Bryan, beloved president emeritus of Indiana University, once wrote:

On every side death—
Or where not death, despair and surrender.
Not so with me.
In me no surrender,
In me the will to live,
The will to live victoriously.

Victory is possible and probable, as I firmly believe that God marches at our side. Sometimes we wonder just why certain things happen, and we ask just why is a war brought down upon us, when we do not want it and are trying so hard to avoid it. Perhaps it is His will and His way to test us, to try us for even greater things to come. He will not let us down, if we accept our responsibility and stand up with the Christian nations of the world in this crusade of the twentieth century. As knights of old went forth to battle in the name of Christ, we who have followed since then are today unfurling the banner of right and good in this battle to protect and save our fellow man. In our will to win and in Him who can lead us to victory we place our trust.

Mr. FULTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I had not intended to speak, but I rise at this time shortly to answer my good friend the gentleman from Pennsylvania [Mr. RICH] on whether this mutual defense assistance program is more or less costly than his thinking as to a plan.

The question came up before the Foreign Affairs Committee whether it would be more costly to arm our allies, especially the ones under the Atlantic Treaty, or just draw back into the United States and arm just ourselves, without any friends along with us. That problem was brought up by the gentleman from Ohio [Mr. VORYS] when he said this:

Mr. VORYS. General Marshall, here is a proposition we often hear: If we build up

European military strength we precipitate war, because Russia will strike before the military balance is against her, possibly before the balance is even; that in such a struggle we could not be sure that our European allies would fight; that, therefore, the thing to do is arm to the teeth here and not dissipate our military strength there, but to assure those nations by announcing that we will fight if Russia attacks western Europe. That is one formula that we hear often and one which has many advocates. I would be glad if you would give us your comments on that.

General MARSHALL. * * * I think, in the first place, a negative attitude is fatal. I think the attitude of arming to the teeth here and leaving Europe impotent is wrong. I think it is psychologically wrong and militarily wrong, and just generally wrong. That procedure also assumes the policy that when Europe is overwhelmed we can go about our business in the usual way, which we could not, in my opinion. We will be curbed and restricted in many ways aside from the direct threat to our own peace. We would have the whole world in the other camp. That would be a terrible position for us here.

Then the other question came up as to the expense of the same proposal as that of the gentleman from Pennsylvania [Mr. RICH], and General Marshall said:

That would be a futile procedure and involving great expense. We can have planes with tremendous radius of action. We can have ships that will dominate, we will say, most of the sea. But everywhere on land we would be impotent, and the movement from the United States to the European field would be virtually an impossibility under those conditions. So that our arming to the teeth here would merely mean that we were going to live an isolated existence in the world, militarily, economically, and politically.

In closing, the question was asked as to the exact amount of dollars that this alternative propounded by the gentleman from Pennsylvania [Mr. RICH] would cost, and the gentleman from New York [Mr. JAVITS] put this very question to General Marshall:

Mr. JAVITS. General, would you estimate the increase of our military budget, either in order of magnitude or in dollars—it is now about \$14,000,000,000—which would result from what Mr. VORYS has just described as a policy of our arming to the teeth and not doing anything about arming Europe?

General MARSHALL. You mean our present actions toward our military budget—is that any indication we are arming to the teeth?

Mr. JAVITS. What I meant was: Suppose we did do just what Mr. VORYS has asked—which is hypothetical—that we armed to the teeth and did not arm Europe. How much of an increase would that mean in our \$14,000,000,000 defense budget?

The gentleman from Pennsylvania wants a low budget, so here is General Marshall's answer:

I would say something around—well over \$30,000,000,000 a year.

Mr. JAVITS then comments:

Infinitely greater per annum than anything we propose to do in even a 10-year program for western Europe?

General Marshall said: "Yes."

So if the Congress wants a balanced budget and the lowest possible way to obtain adequate defense and defensive arms and a secure America the House should vote unanimously for this bill.

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

Mr. FULTON. I yield to my friend from Pennsylvania.

Mr. RICH. I have been interested—I was last week when I voted for the draft—to find out whether the United Nations was going to act as a unit. We stepped in, of course, before the United Nations had any chance to act.

Mr. FULTON. We were already on the spot, and prompt action certainly was necessary.

Mr. RICH. But you do not have one man outside of American troops in the field over there. I want some protection for our American boys; I want to get some of these other countries that are being defended and whom we are protecting, to put their men in at the front and not put all American boys there to stop the bullets that are coming.

Mr. FULTON. If you want outside assistance from friendly countries to aid our boys in Korea, then you should vote likewise for the arms necessary to help defend the homes and the people of the countries who come to our assistance. This matter of security and defense must be cooperative and mutual, and it is too heavy a burden for our country to carry alone.

Mr. HOFFMAN of Michigan. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I ask unanimous consent to revise and extend my remarks, also at the conclusion of my remarks on this bill to extend my remarks on the Tydings committee and its report.

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

There was no objection.

A POLICY WHICH WILL RUIN US

Mr. HOFFMAN of Michigan. Mr. Chairman, the House has under consideration S. 3809, authorizing an appropriation of almost a billion and a half dollars to assist in arming certain friendly nations. If memory serves correctly, never since Germany and Japan surrendered has my vote been cast for any legislation or for any appropriation which I believed would commit us to fight in world war III.

But the policy of this and the preceding administrations has put us into world war III.

I expect to vote for this authorization of an appropriation bill to aid us in winning that war and for subsequent legislation along the same line for just one reason.

Some 14,000 miles east from New York, some 5,000 miles west from San Francisco, off the southern tip of Manchuria, lies Korea.

A policy of meddling in the affairs of other peoples and other nations which involved us in World War I and which we have followed consistently ever since, left our young men stranded in the southern end of Korea. A similar situation may be created in other places.

Nothing that I can say or do can extricate them from that situation where, apparently, many of them are doomed to die, but few unwounded return to their native land.

The President, in his message this morning, in effect told us that, because of the action of the Security Council of the United Nations, he had declared war against the North Koreans and, in effect, against Russia, who, he charged, instigated and was supporting the actions of the North Koreans.

The President also, in effect, advised the people of this Nation and the nations of the world that the United States was pledged to and would assist each and every one of the 53 member nations which might be attacked. But, to date, according to the New York Times of this morning, not one of those nations except Nicaragua has indicated any intention of sending a single foot soldier. Permit me to quote from the New York Times of this morning:

NO UNITED NATIONS MEMBERS OFFER TO SEND MEN; RESPONSE TO LIE'S APPEAL FOR TROOPS, AIR OR NAVAL UNITS FOR KOREA IS SPARSE

LAKE SUCCESS, July 18.—No member of the United Nations has yet offered to provide ground troops or additional air or naval units for the defense of South Korea in response to the appeal issued last Friday by Trygve Lie, the Secretary General. Although it is realized that such decisions require time, misgivings are being expressed about the possibility that there will be a poor response that will be exploited by Soviet propaganda.

Argentina notified the United Nations today that she was planning to discuss with the United States the types of armed forces required, but she did not say whether she would be able to provide any. A Security Council meeting is to be held to receive the first report from Gen. Douglas MacArthur, commander of United Nations forces, but the United States delegation said it had been delayed.

BRITAIN DENIES PLANS

LONDON, July 18.—Reports that Britain and her western union allies were planning to provide a combined force in response to the United Nations appeal for help in the Korean fighting were officially denied today by the Foreign Office. It was also denied in authoritative circles that there was any plan under consideration to raise a combined task force from Commonwealth countries for service in Korea.

An opportunity will be given for the British Government to explain in detail its attitude toward the United Nations request for ground troops to assist American forces in Korea when the full dress defense debate is held in the House of Commons next week, probably on Wednesday. As yet, the Cabinet's decision on the request for ground troops has not been made.

AUSTRALIA WEIGHS MORE AID

CANEERRA, AUSTRALIA, July 18.—Australia, now considering additional aid for Korea, will not make available any ground forces such as a special expeditionary force or troops of the British Commonwealth occupation forces in Japan, it was authoritatively learned here today.

But usually well-informed sources believe additional aid might include more warships and aircraft.

PHILIPPINE STAND NEGATIVE

MANILA, July 18.—The Philippine Cabinet today endorsed President Elpidio Quirino's stand that no Filipino troops be sent to the Korean battlefield.

A spokesman said, however, the Government would not object to volunteering by individual Filipinos for service with the United Nations forces.

The Netherlands and Argentina similarly indicated no action would be taken to send troops.

Moreover, the President has ordered our troops to fight under the flag of the United Nations.

The President, at the request of the Security Council of the United Nations and without authority under our law, has declared and is carrying on a war. He has usurped the function of the Congress. The President should be ousted and with him should go Acheson and all those who have been responsible for our present situation.

The only thing that I can do to assist our men who are now stranded in Korea and the Far East, deserted by the United Nations, is to vote for this authorization and subsequent appropriations in the hope that at least some small part of the funds will be used for their relief.

It is evident that our policy makers learn nothing, either from history or from our own experiences.

There have been, and there are, those in this country who have so little faith in the soundness of our Government, the courage and the endurance of our people, that they believe that, for our continued national existence, we are dependent upon and must join in some world-wide organization to which we look for guidance, under which we will find protection from communism, from Stalin.

We were inveigled into World War I by propaganda which led a majority of our people to believe that, by the winning of that war, all war might be ended, universal peace established.

The war was won. The seeds for World War II were sown. A Hitler, a Mussolini, and a Stalin were the fruits of that sowing.

Hitler's armies started east. Again, those here in America who believe that our existence depends upon fighting and defeating every would-be world conqueror stepped in, and World War II was fought and won.

While our young men were fighting World War II, and afterward, through our efforts and contributions and by our compliance with the demands of France and Britain, our concessions to Stalin, he and communism were permitted to gather strength until today those formulating our foreign policy say he is now in a position to dominate the world.

Neither World War I nor World War II gave us, nor will World War III insure, universal permanent peace.

It profits us not at all to review the mistakes of the past, except as from them we learn how to avoid a repetition, how to follow a course which will preserve us as a Nation.

At this time, it might be well to remember that the Morgenthau policy, adopted and followed for a time by the administration then in power, has prevented the building up of the German people, brought about the destruction of a barrier which might well, had it been properly nurtured and guided, have stopped Stalin and communism at the border of eastern Europe.

The policy of an Acheson, adopted and followed by the administration, has given to Stalin and the Communists a million or more fighting men in China, an effective army which now threatens to push our forces in Korea into the sea.

I do not question the patriotism of those in authority, of those who have been guilty of establishing, of implementing, a policy which is responsible for our present situation. But I do say, and I say it with sincerity, that adherence to that policy of attempting to lessen the ills of people everywhere in the world, dictate to other nations the form of government which they shall follow, and to seek peace by participating in every war wherever anywhere in the world and for whatever cause it may arise, tends far more to destroy us as a nation than any direct assault that Stalin or Stalin and his satellites may direct against us.

Two things I learn from history, and they are these: That any military leader, any nation, which seeks to conquer the world will either, because of overexpansion or because of the discordant elements brought under one authority, destroy itself.

The second lesson is that to win a battle or a war, the fighting, driving force must not be permitted to get so far from its base that a sufficient supply of food, clothing, munitions of war cannot reach it.

Until we can extricate ourselves from Korea, we here at home must do what we can to support those we place in danger.

I have no doubt but that Stalin is following a plan designed to involve us in as many wars on as many widely separated fronts as his agents and his satellites can bring about.

You may remember that, in 1924, Nikolai Lenin wrote, "Some day we shall force the United States to spend itself into destruction."

Although the administration, in seeking power and appropriations, announced the purpose of fighting communism, it is apparent to those familiar with the situation here in Washington, that Communists have been coddled and harbored by the preceding and by this administration.

Instead of wholeheartedly fighting communism abroad, we have followed a policy of appeasement and, in China, under the policy of an Acheson and his clique, have actually assisted in creating and in arming the forces which are now fighting in Korea.

The internationalists in this country—and, permit me to repeat, their loyalty, their patriotism, is not questioned—have overlong had their way, and, in my judgment, unless a change is made in our policy, we will, by a continued dissipation of our resources, by involvement in a half dozen wars in widely separated areas, so weaken ourselves that in the end we may be forced to make our last stand here at home, where some of unquestioned patriotism think we should have created a force and a defense which might well have defied Stalin, communism, any would-be world conqueror.

When the unification bill was before the Congress, some of our military experts advised us that the Navy, the marines, were no longer essential to our national defense; that the next war would be a push-button war; that the atomic bomb made us master of the world; that all we needed to do was to

spend billions of dollars in the development of it and other new weapons.

The billions were spent, but we find our foot soldiers, ill equipped, slugging it out against overwhelming numbers in Korea.

Our military experts seem to have been mistaken.

Although I fear that support of this present appropriation, of subsequent appropriations designed for the same purpose, may contribute to our ultimate weakness, I cannot refuse to send aid to those now fighting on the other side of the world, not our battle but the battle of the internationalists.

The only future security for our Nation which I can see is the election this November of a Congress, and the election in 1952 of a President, who will pay heed to the lessons of history and of experience, unite under a policy, followed by every other nation in the world except our own, of thinking of and acting for the people of their country and the preservation of their nation.

Mr. Chairman, now just a look at the question of whether we are really fighting communism. Permit a reference to the conclusions set forth in the Tydings report, which, in the judgment of some, is an invitation to the Communists here in the executive department to continue their efforts.

On May 1, 1950, CONGRESSIONAL RECORD, pages 6108-6113, the gentleman from Missouri [Mr. KARSTEN], from the well of the House made a talk, the evident purpose of which was to prove that there were not and never had been Communists in any of the executive departments.

He was joined in that effort by the gentleman from Massachusetts [Mr. McCORMACK].

It was asserted that charges which had been made by a Member of the other body in certain 81 cases, were utterly without foundation.

In the CONGRESSIONAL RECORD of July 12, pages 9985-9988, will be found evidence indicating that the files in the State Department have been stripped of certain information which, had it remained, might have caused the gentleman from Missouri and the gentleman from Massachusetts to reach a different conclusion.

Just recently a committee of the other body filed a report, which, among other things, indicated that there were not and had not been any Communists in the executive departments.

So that no one may be misled by what was said by the gentleman from Missouri or be in doubt as to whether the executive departments have harbored Communists, let me quote the gentleman from New York [Mr. ROONEY], as set forth on page 2341 of the hearings of the subcommittee of the Committee on Appropriations, House of Representatives, Eighty-first Congress, second session, and which hearings began on the sixth day of February, 1950:

Mr. ROONEY. You see the situation, Mr. Gladieux, is this: For a number of years this committee has been after the Department of State to cooperate with it and that Department through Mr. Feurifoy, the Depu-

ty Under Secretary, has gone along with the recommendations of the committee. And we find that the State Department, insofar as our information up to the moment is concerned, is quite clear of subversives.

NEED FOR SIMILAR ACTION IN COMMERCE

The story this year is that the Department of Commerce has taken the place of the State Department; that the Department of Commerce is the outfit in Government which is honeycombed with people belonging to the Communist Party.

Mr. GLADIEUX. Of course, we would have to challenge that.

Mr. ROONEY. I am just telling you that the public has gotten such an idea. We did not create it; but that is the current situation.

Now, when the Department of State can come in here and point out that they have separated so many people for this reason, and so many for the other reason—and one of the reasons is homosexuality—and you are not able to point to the separation of 1 out of 46,000, it seems that something may be wrong.

Permit me to quote from the speech of another distinguished Democrat, the gentleman from Virginia, the Honorable BURR P. HARRISON, who, I am informed, appearing before the Manor Ruritan Club at Staunton, Va., on May 15, 1950, pointed out that—

Attorney General Tom Clark—

Now a Supreme Court Justice—

was telling a CIO convention that there were no Communists in the Government, insofar as was known, at the very moment Judith Coplon, now under a Federal penitentiary sentence, was busy stealing confidential information from the files of his own department, where she was working.

Then again we have the findings in a report of the Subcommittee of the Army Finance Center at St. Louis, Mo., a paragraph of which reads:

During the past 3 years 63 persons have been investigated by the FBI as security risks at the Army Finance Center of which 44 have been discharged or resigned while under investigation. Upon a review of all loyalty and security-risk cases at the center requested by the committee, recommendations for removal as security risks were made by the Department of the Army in at least three additional cases.

Permit me to refer again to the hearings of Mr. ROONEY's subcommittee on pages 2362-2363 and to quote as follows:

Mr. GLADIEUX. I should not like the record to close, Mr. Chairman, without reiterating what I said before, that I think it is quite proper that we be called upon to defend our practices. I insist, however, that we have been diligent and cautious in our handling of these cases in the Department of Commerce. While we have put the Government's interest paramount, we have not lost sight of the fact that inherent in cases of this kind can be very grave injustice to the individual, but we have tried to approach it in a reasonable and intelligent way. I think we have done so in full protection of the Government. That we have handled our loyalty cases with the proper combination of vigilance, on the one hand, and employee justice, on the other, is indicated by the fact that we have to date not been overruled or reversed in any case by the Loyalty Review Board either as to acquittals or dismissals. To determine that an employee is disloyal to his Government, and thereby to brand him as a subversive and a traitor is not a judgment that one makes lightly or indiscriminately. Though I have derived no pleasure from the

duty, I have had to make such adverse decisions and shall probably have to make more, tough as they may be. I have no compunction in deciding against an employee on appeal or otherwise where there are reasonable grounds to believe that he is not fully loyal to the Government or is otherwise unsuitable on character or other security grounds for Federal employment.

Mr. ROONEY. That is all so much nice language. To me it does not mean a thing. You have come up here this afternoon to acquaint us with the situation in the Department of Commerce. The results have been nil. We have not had the cooperation from you that we have had from the Department of State.

You refused to take us into your confidence with regard to these things, and I have tried to handle it in an amicable way so that if questions were raised on the floor we might have the answers to them. You have reacted in the other direction, away from us. So, now we are far apart, and we will have to stay that way. There is nothing that I can see that we can do about it.

Mr. GLADIEUX. I am sorry, I feel that I have gone as far as I could, and as I am authorized to go.

Mr. ROONEY. They have the right approach on this in the Department of State. They speak of communism in the Department of State, but apparently the Communist situation is no longer in the Department of State; I think it is in the Department of Commerce.

Mr. GLADIEUX. We do not think so. We think we have handled the situation diligently.

Mr. ROONEY. I do not think so at all, when it takes 18 months to decide whether a person in a very critical position at the National Bureau of Standards is a security risk.

In view of the foregoing, is the recent report of the Tydings subcommittee conclusive? Does not the language which I have quoted from the gentleman from Virginia and from the two reports beyond argument show that, as charged by these two prominent Democrats, there have been Communists, there are Communists, in the executive departments?

Mr. KEE. Mr. Chairman, I ask unanimous consent that all debate upon the bill and all amendments thereto close in 40 minutes, the last 5 minutes to be reserved to the committee.

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

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana [Mr. HALLECK].

Mr. HALLECK. Mr. Chairman, first of all may I say I intend to support this measure. I am happy that action is being expedited.

I want, however, to say, that we have heard much about bipartisan foreign policy in recent years but, as one who has had some contact with that, and as a Republican, I am constrained to say that too often, it seemed to me, we have not been called in at the take-off. We have been called in when the whistle blows for what may be a crash landing.

I was the majority leader of the Eightieth Congress. Some of you will recall that it was in that Congress that the Chief Executive and his advisers proposed to us the program for aid to France and Italy, aid to Greece and Turkey, the so-called Marshall plan, and it

was that Congress which enacted those measures and others into law.

However, we were not consulted with respect to the administration's program in Asia and, as a matter of fact, and as the record will show, we opposed much of it as it began to unfold, particularly appeasement of Communists.

We Republicans have for years urged and demanded a firmer and stronger policy against Communist infiltration and aggression in Asia. Our voices were ignored. Now we face a serious threat in Korea, with implications far beyond that peninsula. Our peoples may ask: Why did this situation develop? Why were we not better informed and prepared to meet it? One day those questions must be answered. But today the question is, What do we do to extricate ourselves from this crisis which confronts us?

The President has submitted proposals of the greatest importance to the American people, and the world. They include billions more of spending, unlimited increases in our armed services, and all manner of controls and Government authority.

May I say what certainly is unnecessary to be said? Republicans are patriots. While we agree with our Democratic friends that whatever may have gone before, when America is in trouble—if we are in a war—there is only one thing to do, and that is to win the war.

We shall cooperate with all due expedition to do what is necessary to guarantee our security, assure victory, and the fulfillment of our binding commitments. But in doing that we shall carefully look over all these requests and proposals. We shall operate on our constitutional responsibility as Members of the legislative branch of the Government rather than grant unnecessary blank-check authority to the Executive.

I believe that is what the people of the country, on the record of the past, want us to do and expect us to do, and I do not know how anyone could ask any more than that.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, I had intended to offer an amendment to section 3, which is an amendment to section 104 of the original act, but in view of the contents of the President's message and the fact that the committee will probably be considering this bill again within the near future, I would like simply to point out to the chairman of the committee that when this bill does come up for consideration for further revision that at that time I would like to appear before the committee and discuss the practicality of the language which is set forth in section 3 of the bill, and which amends section 104 of the original act, as related to the job which has been pointed out today by the Chief Executive and which has been commented on by members of the committee.

My thoughts run in this general direction, that with the apparent total involvement in world war III which we now face, with everything that the

American people have in blood and material things and energy being put on the barrel head, I cannot see how the language in section 104 of the original act that is here amended can square with the proposition that is before us. That was the only amendment that I had in mind offering to the bill, and I am simply letting the record stand with these comments.

Mr. JACKSON of California. Mr. Chairman, will the gentleman yield?

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

Mr. JACKSON of California. I congratulate the gentleman upon his statement. I, too, had an amendment which I had intended to offer, but in the light of the necessity for immediate action on the bill I would prefer to take it up before the committee when the matter is further considered.

The CHAIRMAN. The Chair recognizes the gentlewoman from Massachusetts [Mrs. ROGERS].

(Mrs. ROGERS of Massachusetts asked and was given permission to revise and extend her remarks and include an article.)

Mrs. ROGERS of Massachusetts. Mr. Chairman, I should like to join the gentleman from Massachusetts in his statement that Spain should be recognized and taken into what I now call the family of nations. She would add great strength to the United States and to that part of the world that is fighting communism. Spain is a Catholic country. Certainly no group in the United States or in the world is more opposed to communism or is making a better fight against it or trying to show the world what it means not to have communism in it; and I am not myself a Catholic but an Episcopalian. Spain would be a protection also to us, as a matter of defense, against aggression.

Mr. Chairman, I shall support this bill. I think it is necessary for our defense.

Mr. Chairman, we have just heard a very far-reaching message from the President of the United States. There is not a loyal American in the United States who will not go along with him in what is needed to become victorious. We have always won, Mr. Chairman, and we will win today.

As we listened to the President's far-reaching message every one of us realized that the personnel at the head of the departments that will administer these huge funds must be very carefully screened. If the person in charge of any department is not able to carry out the necessary protection of the country, he should be removed. This is no time for tolerating incompetence, either deliberate or unpremeditated. We realized also that our responsibility is great in saving every unnecessary expense in order to save our national economy, our national economy which Soviet Russia would like to destroy.

Mr. Chairman, as we are trying to protect in a military way the flower of our country that goes in to fight for us, we must try to protect our fighting families and our civilian population. As Mr. Larsen, who now is in charge of what is being done against atomic bomb attacks, has said, there is no city or town in the

Nation that can claim absolute immunity from wartime disaster at the hands of an enemy.

It is as criminally negligent not to prepare our civilian population as it is not to equip our fighting forces.

Mr. Chairman, I am introducing today the following bill:

A bill to provide for the creation of the Office for the Coordination of Civilian Defense, and for other purposes

Be it enacted, etc., That this act may be cited as the "National Civilian Defense Act of 1950."

SEC. 2. For the purposes of this act—

(1) The term "Director" means the Director of the Office for the Coordination of Civilian Defense which is created by section 3 of this act.

(2) The term "State governments" shall include the governments of the several States, the District of Columbia, the Territories of Alaska and Hawaii, and the possessions of the United States.

SEC. 3. (a) There is hereby created in the Executive Office of the President the Office for the Coordination of Civilian Defense, at the head of which shall be a Director appointed by the President, by and with the advice and consent of the Senate. The Director shall receive compensation at the rate of \$15,000 a year.

(b) Without regard to the civil-service laws, or the Classification Act of 1949, as amended, the Director is authorized to appoint and fix the compensation of such personnel as may be necessary to enable him to carry out his duties under this act. The Director and employees of the Office for the Coordination of Civilian Defense shall be allowed actual traveling subsistence, and other expenses incurred by them in the performance of their duties under this act.

SEC. 4. The Director, under the supervision and direction of the President, is authorized and directed to furnish guidance and leadership to State governments by—

(1) Assisting such governments in the establishment of defense organizations and agencies designed to coordinate the civilian defense activities of such governments;

(2) Serving as the center for the coordination of civilian defense activities of the Federal Government and the State governments;

(3) Advising and assisting in the preparation of civil defense programs and measures designed to afford adequate protection of life and property in the event of emergency and which will be integrated with the civil defense plans of the Federal Government.

SEC. 5. There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this act.

Always the reply has been from the administration as to why nothing has been done year after year, fear of war hysteria. Better be scorned than killed.

Nothing real has been done thus far in civilian defense. With the exception of a few cities that are partially organized, the civilian population is as totally unprepared and unequipped as were our lines in Korea. This will provide an agency to carry out leadership and guidance and see that it goes forward quickly. The agency should be a continuing agency like the Red Cross and geared to an emergency.

The following is the article in the Lowell Sun I have referred to:

ATOM-BOMB ATTACK WOULD FIND UNITED STATES WITHOUT DEFENSE—CIVIL PROTECTION LAGS FAR BEHIND RUSSIA, WHICH HAS COMPLETE PROGRAM

(By Phillips J. Peck)

WASHINGTON, July 17.—An atom-bomb attack on the United States tomorrow would

catch the Nation with its guard down on civil defense.

By way of contrast, Russia has a long-established civil-defense organization numbering more than 20,000,000 participants and a program of training 5,000,000 new "volunteers" annually.

The U. S. S. R. 20 years ago started dispersing its industry, while much of the United States war-production might is concentrated in a few major cities.

DISPARITY

American officials are acutely aware of this disparity. In light of the uneasy world picture, they have accelerated United States planning to the fullest degree. But it will take time to obtain results; 2 years at least.

It is doubtful the Nation will have anything like an effective national civil-defense force before 1952, and the home front will not be completely prepared for an atomic war before 1953.

Civilian Mobilization Director Paul J. Larsen told Congress last spring:

"There is one question which I am sure must be in your minds. What would we do if bombs should fall tomorrow? Would we be ready?"

"To be frank, the answer is that we would not be ready tomorrow—not as ready as we will be a year from now, but more nearly ready than a year ago."

APPRAISAL

Today, 3½ months later and 3 weeks after the outbreak of fighting in Korea, Larsen finds no reason to change that appraisal of the situation.

The answer as to why we are unready is not difficult. In the years immediately following VJ-day nobody really faced up to the problem of civil defense. Federal planning was irregular; leadership changed frequently, and reports were made and pigeon-holed.

President Truman's dramatic announcement last September of an atomic explosion in Russia finally put steam into the United States civil-defense drive. Much time had been wasted, however, and no one knows for certain how much is left.

One military estimate is that by mid-1952 Russia will have a sufficient stockpile of A-bombs to do great damage in an attack on the United States.

TOOK OVER IN JANUARY

Larsen, 48-year-old electronics engineer and former official of New Mexico atomic laboratories, took over the civilian-defense mobilization effort last January. He has the operation moving rapidly, and huge amounts of planning are going on.

In the musty old State Department Building adjacent to the White House Larsen's small staff of 27—drawing on the talents and ideas of 700 specialists in other Federal agencies—is whipping into shape an interim or "emergency" civil-defense chart.

READY SEPTEMBER 1

It will be ready September 1 for transmission to the governors of all States, territories, and possessions. This will constitute the Nation's civil-defense blueprint while the master program is being built, volunteers trained, equipment standardized, and materials stockpiled.

If one of our cities were attacked tomorrow, however, it would have to rely on its existing fire and police departments and medical resources, augmented by available military forces and some technical assistance from the Federal Government.

Larsen and aides are constructing no huge Federal bureaucracy. They have a "grass roots" concept of civil defense. Washington can draft blueprints, provide technical data on the atom, stockpile equipment, and possibly help finance the program.

RESPONSIBILITY ENDS

But there Federal responsibility largely ends. The States, and more particularly

each individual city, will have to enroll and train volunteers and prepare itself to cope with an emergency of the type which bomb-blasted Hiroshima suffered some 5 years ago.

After September 1 States and cities will be in a position to step up their civil-defense preparations. Thus far, however, only 22 States and Hawaii have enacted legislation to permit implementation of the forthcoming civil-defense guide. This despite Larsen's grim warning:

"There is no city or town in the Nation that can claim absolute immunity from wartime disaster at the hands of an enemy."

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey [Mr. TOWE].

Mr. TOWE. Mr. Chairman, I intend to vote for this bill although I voted against a similar proposal last year. I did so because at that time it was quite apparent to me that we had no foreign policy that was firm in any particular direction, especially the east. When Stalin started to put the pressure on the Chinese Nationalists the administration grudgingly gave them some aid. Eventually, however, we completely abandoned these friendly people who had done a great deal to help us win the last war. The administration has consistently refused to aid Spain—a country anxious to join us and the other free countries of the world in our all-out fight against communism. Spain should be invited to participate in the effort to defeat communism and be furnished aid.

Despite the fact that in January of this year the administration leaders announced their attitude toward the Chinese situation, which to all intent and purposes meant that we were withdrawing our support in eastern Asia, the same leaders have now reversed themselves and have selected a spot to make a stand against communism, which, in my opinion, is going to be extremely costly in lives and resources. If that policy had been adopted when the Chinese were attempting to resist the Communists, our participation would have been more valuable and at the same time less costly.

In his message to the Congress today the President makes no suggestion that the administration will attempt to provide money for the war effort by economizing at home. There is no suggestion that we cut down the tremendous spending programs that have been proposed for our domestic economy, and which have been fostered by the New or Fair Deal.

I prefer, as everyone here does, to live in a free land and under a free government and all of us, of course, are willing to make sacrifices. But if we are going to attempt to support and defend every spot in the world where Mr. Stalin, or his satellites under his guidance, decide to move in—and incidentally our leaders over the past 7 or 8 years have put the Communists in all of those spots—our country is going to wind up not only bankrupt, but we are going to be in the same kind of a situation as the people of Russia. We will never be able to perform the herculean task of defending the world or the individuals in it whenever Stalin moves against them without destroying our economy and reducing our-

selves to the same kind of political subservience that the people of Russia now live under.

I know we are strong. I know we are great. I know that our people are brave, but there is a limit to what we can do. I hope someone in the administration will understand that before we go too far, and I also hope that there will be some effort made to reduce the tremendous domestic expense. I know that is unpopular. I know the people who call themselves great liberals never think of a thing like that. The object is to spend and spend and spend. Now, having almost destroyed our domestic economy, we are embarking upon a program to spend the young men of our land. That is a terrific price that we are about to pay for the stupidity and lack of judgment on the part of the leaders in several departments of our Government.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. KUNKEL].

Mr. KUNKEL. Mr. Chairman, I am supporting this bill with a heavy heart and a great deal of reluctance. I have two good reasons for my action. First, we now find ourselves in a predicament which, in my judgment our foreign policy since 1947 had made absolutely inevitable. But since we are in this unfortunate trouble, we have to hit it head-on and with all our courage and strength. Secondly, we can meet the present crisis best if we unite wholeheartedly and prove to the world that we are all back of the course which we now find it necessary to pursue.

I am fundamentally opposed to the policy embodied in this bill. And since the results of that policy have been bad, it must be subject to constant reexamination with a view to correcting its faults.

It has two main defects. The first and most fatal one is that it puts the direction of the foreign policy of the United States and our military commitments under the control of the Soviet Union. I said that in May 1947, when the Truman doctrine was first advanced. President Truman said:

I believe that it must be the policy of the United States to support free people who are resisting attempted subjugation by armed minorities or by outside pressures.

That statement set no reservation on the type or scope or place of the proposed help and support. It was global and all-inclusive. From then on, Russia could stir up a domestic strife or outside pressure wherever and whenever Russia wanted to force intervention by the United States, or else a retreat and consequent loss of face. Russia was enabled to force the extension of the policy to various areas of the world, carefully selected by the Kremlin. So when the North Koreans, urged on by the Soviets, started an aggression such as the attack on the South Korean Republic, and such as may be started in Indochina and elsewhere, it became clear that we are putting our policy under Soviet control and with the added disadvantage of permitting Russia to pick its spots. Since we have the policy and the commitments, it would be far more fatal to retreat than to go forward boldly to win our objectives.

My second main objective is that the policy is not related to the resources of the United States. By resources I mean manpower and materials and not merely dollars. Walter Lippmann has recently termed this general theory "deficit diplomacy." You just heard the gentleman from Pennsylvania [Mr. Fulron] quote General Marshall's testimony to the effect that it would take \$30,000,000,000 per year to arm this Nation adequately if we decided merely to protect ourselves here at home. Yet here you are with a bill for \$1,250,000,000 with which it is claimed will arm adequately all the free nations in all sections of the world. How can you do it? It just does not make sense; \$1,250,000,000 is chicken-feed when compared to the job undertaken. Meanwhile, the President's message of today shows that we must continue to arm the United States. We must realize that sooner or later the strain on our American manpower and resources is going to be fatal to our security here as well as to the hopes and aspirations of free peoples everywhere.

Basic facts too frequently overlooked are these: We are a nation of 150,000,000 people in a world containing more than 2,250,000,000 men and women. We are the greatest, richest, and most productive nation in the world, but we occupy only a small fraction of the world's surface.

So I plead with the President and the policy-makers in the State Department to begin to relate our foreign policy to our domestic resources and our military power. Let us not rush into new ventures—no matter how high-sounding they may be—unless we feel reasonably certain that we can carry them through while preserving our security and freedom. Let us not say we are going to do certain things unless we know for a fact that our manpower and resources are sufficient to carry them through to full completion.

We must also have a policy allowing us to pick the spots and the conditions under which we will go to war, if we ever do have to go to war, instead of one requiring us to tackle a situation at the beck and call of the enemy.

Our whole program needs reappraisal in the light of our regaining the power to make our own decisions and in the light of not reducing our resources to the point where we will not be able to do the job. This is not said in any spirit of criticism. But we must study the past in order to avoid the same mistakes in the future. "The past is prologue."

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

Mr. SHAFER. Mr. Chairman, I wish I could be as confident as the gentlewoman from Massachusetts [Mrs. ROGERS] as to the United States winning this war, but with the knowledge I have as a member of the Armed Services Committee, and the way things are being run, I cannot be so sure. As is well known to this House we have spent well over \$60,000,000,000 since the last World War for national defense and now, at a time of emergency, we find ourselves inade-

quately equipped both in manpower and modern equipment to fight a war.

In support of my thought I commend to the reading of the Members of this House the article in this week's Saturday Evening Post by Hanson Baldwin, well-known military authority, who in so many words says "we are not so hot" militarily, and proves his points very convincingly.

I shall support this legislation and shall do all within my power to support this war effort. We have been put over the barrel and the only thing left for us to do is to roll up our sleeves and go to work. That it will be a long haul I have no doubt. The President's demands for money and war powers today were so great as to constitute an acknowledgment of that fact.

Let us not be fooled any longer with talk about police action in behalf of the United Nations. We are in a real war, and we are getting hurt. The little war in South Korea is only the first action in what undoubtedly will be a series of little wars—in Germany, in Yugoslavia, in Greece, in oil-rich Iran and Iraq, in Indochina and in the East Indies. At present the Kremlin dictator is operating through his satellite stooges, but sooner or later he will resort to active warfare on his own account. The series of little wars cannot fail to burst into the flame of world-wide war.

Now the administration and its supporters blandly are accepting mutual congratulations on their prompt and decisive action in ordering American troops to the assistance of the ill-trained and almost unarmed peasants of the South Korean Republic. They hope thus to fool the American people into ignoring, or forgetting some things that should not be ignored, and should not be forgotten.

Those things comprise the revelations of lack of preparedness, lack of information, lack of coherent policy, wrong planning, both military and economic, and utter lack of statesmanship—things that have shocked the entire world; things that have caused this Nation to lose face in every part of the globe. After all our boasting—after all the statements by such men as Defense Secretary Louis A. Johnson, telling of our power and our preparedness—we stand revealed as unbelievably weak. Even our tanks are inferior to those made in Russia and shipped to the North Korean Communists.

We were told that the 500-man American military mission to South Korea was doing a wonderful job. We were told that the South Korean Army was trained and armed to an extent which would enable it to withstand any possible assault from the Communists of North Korea. But the first 24 hours of fighting revealed that the South Koreans were ill-trained and almost totally unequipped. It was disclosed by the South Korean Ambassador to the United States that American military aid consisted solely of 150,000 rifles, of which at least a third were obsolete, and a few miles of copper wire.

The Fair Deal politicians had told the American people that in the event of war with Russia American power would be-

gin to make itself felt within the hour. Well, the Korean War started almost a month ago, and we still are trying to build up enough strength to withstand the assault of the North Koreans. The South Korean Army has melted away into virtual nothingness. Even the free members of the United Nations are hesitating about sending ground troops to South Korea.

Now these falsehoods and all this foolish boasting would not have been so bad if the Congress of the United States had failed to provide the money for adequate American military power. The lies and the boasting would not have been so senseless if they had been merely an attempt to cover up the failure of the Congress. But in the past 5 years Congress has appropriated billions of dollars for national defense, including economic aid. Then where today is that national defense? Of what avail has been the spending of billions for economic aid? South Korea got \$400,000,000 of the latter, yet the North Korean Communists take over almost at will. Is the situation in South Korea, with respect to economic aid, a foreshadowing of similar situations in other nations who now are receiving such economic aid?

These things are bad enough. The situation in South Korea is serious. Yet we may be sure that it will not be permitted for long to stay so. In spite of all the bungling, in spite of all the wrong guesses by the Fair Deal administration and its political appointees, the American genius for production, the patriotism and willingness to sacrifice of the American people will enable us presently to throw the Communist aggressors out of South Korea. Americans will do this in the end unless the millions of Chinese Communists now standing on the North Korean border are ordered by the Kremlin to join the fray. In that event world war III will be on in earnest, and of that nobody now can foresee the end.

But success in Korea, when it comes, and at whatever cost, will be no guaranty of peace. The circulation throughout the world of a peace petition, prepared in Stockholm by a Communist-front organization, manifestly acting under orders from the Kremlin, would indicate that Stalin and his Politburo plan no let-up. That petition would declare the nation first using the atom bomb a war-criminal nation. Communists say that millions already have signed the petition in all parts of the world. The Kremlin would not have gone to all this trouble, if it were not ready to take the ultimate risk of the world-wide war.

And while the Kremlin carries on this world-wide propaganda campaign, to discourage use by the United States of its most potent weapon, the Kremlin is busier than ever inside the United States itself. The Communist Party of the United States has gone entirely underground. It has done so without benefit of the Mundt-Ferguson bill, which would force all Communist Party members to register, and all Communist-front organizations to reveal the pertinent facts concerning their operations. The American Communist Party thus has acknowl-

edged itself to be a treasonable conspiracy, and not a political party at all.

These Communist conspirators inside the United States; this conspiracy, led by Kremlin agents, and carried forward largely by native American traitors, comprise a danger to our national security fully as great, if not greater, than Russian expansionism in other parts of the world. While we close and barricade the front door to communism elsewhere in the world, we leave our back door wide open to the Communist fifth column.

For Soviet Russia does maintain in this country an arrogant fifth column, designed to take over whenever the Kremlin is ready. These fifth columnists insult our people; they attack our institutions, and they act as spies. The disclosures by Senator JOSEPH R. McCARTHY have made all this very clear, indeed. As the Wisconsin Senator told the American people, and proved his case to the hilt, these fifth columnists are in high Government offices. This in spite of the whitewashing given them by a Senatorial investigating committee. They are in newspaper offices, on the radio, in the schools, and even in the pulpit. Communist-dominated labor unions still remain in many of the largest plants devoted to the making of munitions of war.

Now why is this internal enemy so dangerous? You may remember that Abraham Lincoln once said that America need never fear defeat by a foreign enemy; that if America ever should be destroyed, it would be from within. That is exactly the point. The Communist fifth column, which is our chief enemy at home, cannot be defeated openly in the field. It lurks behind the lines; it assists the alien foe with stratagems of trickery and treason. It is an internal enemy that seeks to contrive defeat by sabotaging the means of victory.

The Federal Bureau of Investigation has said that it knows of more than 50,000 actual Communist Party members in the United States. The FBI has said further, that for every party member, there are at least 10 fellow travelers. A fellow traveler is one who consorts with Communists, who follows the Communist Party line, and who does all the things a Communist does, except to confess his adherence to communism. That would make approximately half a million people in the United States who are traitors, and who would resort to sabotage and espionage in the event of all-out war. And of this number, so the FBI has said, somewhere between 15,000 and 25,000 are actually engaged in war production; most of them in positions where they could help to wreck the plants upon which American boys must depend for their lives on the battlefields of the Far East.

Now the Mundt-Ferguson bill, to which I referred a little earlier, would force all Communists to identify themselves, and would smoke out the fellow travelers in the Communist front organizations. In peacetime such a law might be good enough. It would greatly simplify the work of the FBI and other police agencies in keeping track of the activities of the Communists and fellow travelers. But in wartime—at a time

such as we have entered upon now—it would not be enough. And so what is the answer?

Let us stop kidding ourselves. There is only one thing left to do, if we are to make it possible for American boys to win on the battlefields abroad. The FBI knows who the Communists are, who the Russian spies are. The FBI knows the identity of nearly all of the fellow travelers. They should be outlawed, every last one of them. We should round them up; put them behind a high fence in concentration camps. As one editorialist remarked: "Give them nothing to read but Karl Marx and no picture to look at but Joe Stalin's." Keep them in detention camps until the war against communism is ended. In no other way can America defend itself; in no other way can we, as the leaders of all freemen, keep ourselves safe and strong enough in the end to defeat the world-wide conspiracy of the murderous beasts of the Kremlin.

And who, you may ask, is to blame for the situation wherein we must resort to concentration camps and other things so repugnant to all Americans? The blame, if your son is killed, should rest upon the Fair Deal politicians who compromised, appeased, played with, and made deals with the Communists, in order to get a few more votes on election day. These are the men who must shoulder the blame. These are the men who must be put out of office if the American Republic is to survive as a government of freemen.

But first of all, we must make ourselves secure at home, so that our fighting men abroad can have the things they need to win a war and do it without any more sacrifice than is unavoidable. Let us act now. Put the traitors behind a high fence. It will be cheaper in money and in blood than it would be to leave them at large to carry on their secret campaign of lies, and sabotage, and treason.

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

The Chair recognizes the gentleman from Minnesota [Mr. Judd].

Mr. JUDD. Mr. Chairman, I should like to add a little footnote to this discussion on a measure that I believe can be of the greatest value to us in winning the struggle in Asia that we have got to win.

When history is written I suspect that one of the major causes of World War II and of world war III—if, God forbid, it comes—will be recognized as beginning in 1924 when the Congress of the United States passed the so-called Oriental Exclusion Act. At that time America's stock was at about the highest point it had ever reached in Asia. True, we had opened Japan at the point of a sword, but we had then established good relations, and these Japanese forces most favorable to the United States were in the saddle. In China more and more men were coming to power: who, like Sun Yat-sen himself, had been trained in the United States and were more favorably disposed toward ourselves and the west than any government China had ever had in her 4,000-year history.

The parts of Asia under European colonial powers were increasingly turn-

ing their eyes and hopes from Europe and other parts of the world to America for the new inspiring leadership of the future.

And then our country did something that was both wrong and a mistake. To correct the labor troubles, particularly on the Pacific coast, arising from the lower wage standards of oriental immigrants, we declared all Asians ineligible for American citizenship. There was a real problem—nobody denies the difficulty presented by the oriental who could and would work for a fraction of the white man's wage—but Congress adopted the wrong solution for the problem. If we had given as the reasons for excluding Asians the economic reasons which in most cases were the real reasons, there would have been hardly a murmur of protest. They know we are a sovereign nation and have a right to regulate our own immigration. But we do not have a right to insult people because of their race or color, at least not if we want them to be our friends and allies. Unfortunately the reason we gave for exclusion was the color of their skins. We branded every person anywhere in the world who is of the yellow or brown races as being biologically inferior to ourselves. No matter what his or her education or brilliance or culture or charm or refinement or other accomplishment, he or she was publicly stigmatized and permanently barred from ever being admitted for naturalization as a citizen of the United States, which at the same time proclaimed that God created all men equal.

That day we turned Japan over to the militarists. They taunted the liberals who were our friends: "Oh, yes. You want us to cooperate with America? Look at the way she treats us. She brands us as less than human. The only language the white man understands is force, not justice or fair treatment. Forget about democracy. Arm." And the militarists came into power and led Japan into war against us as the only way they saw to repay the wholly needless and gratuitous insult.

The most powerful weapon the Communists have used against us in making such headway among Asiatics as they have made by nonmilitary means has been this which is today the single greatest weakness in our armor: racial discrimination.

Mr. Chairman, regardless of the difficulties that we have in solving this problem on the home front, I believe there is no excuse for continuing in our immigration laws a provision which is worth divisions of troops to the enemy. If we cannot succeed yet in providing positive justice to all those of non-Caucasian races here in America, we can at least remove at one stroke this negative injustice to hundreds of millions in Asia whose attitudes in the future can be of life and death importance to ourselves, especially to Americans fighting in Asia. Let the United States Senate act upon H. R. 199, the bill passed by this House a year and a half ago to grant a minimum immigration quota to twelve or so countries in Asia still excluded, including Korea and Japan, so that no person is barred solely because of his race. Let the determining

factor be the same for all peoples, namely, within the quota limitations, the qualifications the person has or has not as an individual. It would admit, if every single quota member were taken up by an oriental, only about 1,200 a year, that is, it would cost us nothing; it could save us tens of thousands of lives before we get through.

Someone has just said we must forget about everything except winning the war. Mr. Chairman, that is not enough, that is what we have done twice already this century. We must win the war for our ideals if it is to stay won. We are in trouble today because we did not win our objectives in the last war; we just defeated the enemy, that is not the same as victory.

Because the problem is still the same as then, may I quote from a speech I made in this chamber on March 15, 1945, when I feared we were in danger of losing that war before the fighting was ended:

We have only one objective in Asia, and that is to defeat Japan, but some other nations have two objectives. The second one is to defeat Japan, the first is to restore their empires or to block out new spheres of influence.

We want only to make Japan lose so we can come home; but there are others who want to win the war so they can stay on in control of the resources, manpower, bases, industry, and markets of Asia.

I tell you, the American people have to get down to bedrock and also see that it is not enough to beat Japan, if we would have peace. We have to win the war so it will stay won, and for freedom, or we will have to do it over again under infinitely more difficult circumstances.

And again, at the end of the speech:

The only thing that saved us this time, Mr. Chairman, was a great moral decision on the part of Chiang Kai-shek and of the Chinese people to fight, not on the basis of blood and color but on the basis of principle; a decision to fight against those of their own race and with us of an alien race because they believed it was a war for human freedom. But if after they have held the line so valiantly, they are let down and our commitments are not fulfilled, then there is no place they can go next time except to the Communists and a world class war, or to Japan and a world race war. * * * We can win all the battles, but we will still lose that war because they can outwork and undereat the white man, they will out-suffer him, they will outwait him, and they will outbreed him.

This is the issue that we have got to understand if our children would be free and at peace. The decision that is being hammered out in Asia these critical days is not one for 4 years, but one for 40 years or even 400 years. Are the Chinese, the most numerous and incomparably the strongest of the colored people, to stay on the side of the democracies, or are they to be driven in despair to the other side? The answer to that is still in our own hands.

Well, we failed to understand it; and so within 5 years we are again not at peace. We are compelled to try again. Will we understand it this time?

Surely before this Congress can adjourn, it must get this stigma removed, or else we are not doing the things necessary to win the war. Men and money and mobilization here at home are not enough without this great moral act of justice and decency.

The CHAIRMAN. The gentleman from Connecticut [Mr. LODGE] is recognized.

Mr. LODGE. Mr. Chairman, I strongly favor the legislation before us. It is vital that we extend the Mutual Defense Assistance Act of 1949.

I favored this measure when it was inaugurated a year ago. I favored the full amount. You will recall that the House approved the so-called Richards amendment which eliminated the language of the amendment which I had introduced in committee and which the committee had passed. I thought that this body made a mistake in cutting that amount in half. I was pleased that it was restored by the other body and that the full amount was eventually authorized.

But it is most disturbing to learn that although the Congress finally provided legislation for \$814,010,000 in appropriations and \$500,000,000 in contract authorizations the daily statement of the United States Treasury for June 30, 1950, gives as "expenditure," \$44,342,025.51. I understand that the total quantity delivered is in the amount of \$70,000,000 in cost to the program. This is a small proportion of the amount authorized. More distressing still is the fact that since the inception of this program not one additional soldier has been added to the armed forces of the countries concerned. Now I am not interested in assigning the blame for this condition. I am interested solely in curing this grave situation. We in Congress can only provide the necessary legislation. If that legislation is not implemented obviously it will not serve its purpose. It goes without saying that it must be implemented not only by the appropriate authorities in the United States but also by the member nations of the Atlantic Treaty.

I regret that no military aid to Spain is provided. Certainly this is hard to explain, especially since we are helping the Communist government in Yugoslavia.

As an example of the inadequacy of this program it is interesting to note that the equipment and military aid which we are providing to Italy is not nearly enough to allow her to arm up to the limits set by the Italian peace treaty. I believe that this limit should be reached within the shortest possible time. I believe also that because of the engineering, mechanical, and electrical skills of the Italian workers, Italian industry, particularly in the north of Italy, can be used as a vast repair shop for military equipment and weapons, thereby increasing employment in Italy and also adding to Europe's military potential within the terms of the Italian peace treaty.

It is important also that the standardization of weapons within the limitations required by competitive research should proceed at great speed in order that we should not be faced with the same difficulties which confronted us during the recent war.

I believe that the nations of Europe should be encouraged to participate to the extent of their ability in this mutual

venture. History shows that people are more willing to make great sacrifices than small ones. This is essentially a collective, a mutual proposition. The nations of Europe have a right to shoulder their share of these weighty responsibilities. There is no time to lose in expediting the defense of western Europe.

It should be noted that the assault on Korea is probably directed at the nations of western Europe. If the Russians were to be successful in Korea, which God forbid, this would in all probability have a number of calamitous effects. In the first place, we should suffer a serious loss of face in the Orient. This I believe to be significant in spite of the fact that the Secretary of State has ridiculed the importance of loss of face. It would also seriously threaten, if indeed it would not encompass the destruction of, the anti-Communist forces in Formosa, Indochina, Hong Kong, and Malaya. It would render our position in Japan and the Philippines almost untenable. But over and beyond this, it would seriously threaten the people of western Europe by involving us in a two-front war, something we have always sought to avoid, something which our self-styled enemies now seem determined to accomplish.

The meetings of the foreign ministers of the Atlantic Pact countries in London some 2 months ago have been shown by subsequent events to have been fully justified. Unfortunately, to date little or nothing has been done to bring the plans agreed upon at that time into action. The events in Korea make additional aid to the nations of Europe essential. It is my view, based on the recommendations of competent authorities, that this program should be stepped up so as to provide at the earliest possible date 35 full-strength divisions for the integrated defense of western Europe. I do not know how large a sum is needed, but I am glad that the President has referred to the necessity for further aid. I express the fervent hope that the National Defense Establishment and the Department of State will shortly provide the Congress with the necessary information on which to increase military assistance, particularly to the Atlantic Treaty nations.

I am happy also that the President has finally made at least a partial call on industry. Surely to draft our young men without a call on industry was an indefensible policy. It is only right that those who are not in the Armed Forces should be asked to participate, especially since our people have always shown their willingness to make sacrifices at home in order to sustain those who are in combat.

It is quite obvious that time is not on our side. It was not on our side before the events in Korea. There was, it seemed to me, no advantage in waiting until 1952, when the Russians, it was estimated, would have a capacity to deliver the atom bomb which they probably now possess. Certainly there is no advantage now. Certainly also we cannot indefinitely feed one half of the world while we fight the other half. Certainly there is no time to be lost in integrating this whole vast effort in order that we and our friends shall act as a unit in meeting the great challenge of our generation.

It is because of this concept of unity that I strongly favor the provision for an additional \$75,000,000 for military aid to the general area of China. It was because of this concept that, together with the distinguished gentleman from Pennsylvania, Congressman FRANCIS WALTER, I introduced an amendment on the floor last year to provide for aid in this area and in China itself. It was fortunate that after this amount had been defeated on the floor of the House by administration-controlled votes, it was passed by the Senate and was enacted into law. But it was most unfortunate that this law was not immediately translated into effective action. It was most unfortunate that the military and economic aid authorized for Korea last year was not put into effect. I mention a few of these distressing facts not in order to recriminate over what has happened but because I believe that it is necessary to inspect the past in order to rescue the future. Yesterday our distinguished colleague, WALTER JUDD, delivered an inspired and comprehensive address on the crisis in the Far East. His documented utterance was not made in a spirit of recrimination. It constitutes a constructive review of these lamentable events and a useful guide for the future.

Surely it must be our constant effort to counteract the tragic results of the gross miscalculations of the year 1945. It must be our persistent attempt to cure these difficulties, to neutralize these failures to deal with realities. I hope that, having reversed its policy in Korea, the administration will now abandon the practice of attempting to justify its mistakes while the Communists continue their relentless advance. There is no time for such luxuries. There is, it may be hoped, some time for correction, although now these corrections will require a tragic loss of life and great expense to the people of our country. I trust that this change in policy indicates that the administration is determined to combat the Communist menace with vigor and determination.

What we need now, particularly in high places, are men and women of determination, men and women who cannot be dissuaded from the main goal, men and women who understand that agreements with the Soviet Union have been shown to be mere scraps of paper which are disowned by the godless inmates of the Kremlin whenever it suits their convenience. We need now in high places men and women who understand that there is no easy way out of this dilemma, that we cannot buy our way to a less precarious peace, that we must curtail our domestic expenditures in order to insure our own survival in a dangerous world. We need men and women of vision and courage who will not be sucked in by Communist attempts to achieve a dishonorable compromise in Korea which will simply multiply the hazards of war. We have such men and women in this country. I hope that they will be placed in positions of responsibility.

Life is good in America. We are truly a blessed land. It is perhaps natural that we should in the past 5 years have

allowed the pleasant distractions preserved for us by the blood of our fighting men to turn us away from the main goal. The dark and godless clouds of oppression which brood over all our doings is now crowding down upon us with remorseless speed. There is no time left for quarter measures or half measures. There is no time for excessive caution. There is no time for us to ponder and thrash about while the Communist hordes are overrunning vast sections of the globe.

There is no division along party lines as to the necessity of backing up our fighting men; there must be no hesitation about the necessities of the present hour.

But it would be a great mistake to think that Korea is the only problem which we confront. Communism is a world-wide movement. The Russians, as Winston Churchill has said, aim to get the spoils of war without war. The war in Korea is merely the one-eighth of the iceberg which protrudes above the surface. The mass, the bulk of this barbaric threat is concealed beneath the waves. We must fight communism as it is presented to us in all its facets and on all fronts and not simply when it resorts to open warfare. We should have been doing this for years. We must, of course, fight it with such undertakings as the Marshall Plan and other forms of economic aid in order to help create in these countries a political climate propitious for the preservation of freedom. We must fight it with an adequate psychological warfare program in which we seek not merely to recite the facts about America but to tell the truth. I favor a vast and rapid expansion and reorientation of the so-called Voice of America program. I have favored this for years. I have made numerous recommendations on this aspect of our foreign affairs. I hope that now, at long last, these will be carried out.

Yet, although this is a battle for men's minds it must be remembered that the Communist ideology has nowhere been contagious enough to capsize any government without the use of force. This force in Korea is open aggression. Elsewhere it is in a twilight zone; internal force, subversion, intimidation, bribery, corruption and coercion. We and our friends must fight this force in those areas too.

We must also fight the subversive war at home. We must fight it effectively. We can do this without on the one hand smearing the innocent or on the other hand whitewashing the guilty. We can do all these things, we and our friends. We must do them. We must do them now.

"There is a tide in the affairs of men which taken at the flood, leads on to fortune." Make no mistake about it—this is it. This is the tide. It is at the flood. The rest is up to us.

Like Abraham Lincoln, let us prepare for the worst even while we work for the best.

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

Mr. LODGE. I yield to the gentleman from Ohio

Mr. VORYS. The gentleman is making a masterful summary of the situation. In view of the statesmanlike foresight he has demonstrated time and again, his views should be weighed with care. For instance, the gentleman's far-sighted amendment of last fall, the Lodge amendment to the original Mutual Defense Assistance Act, would have authorized \$100,000,000 and assigned up to 500 officers and men to the forces of China and southeast Asia, following the pattern of Greek-Turkish aid. At that time there were 150,000,000 Chinese on the mainland still outside the clutches of the Communists, with substantial military forces that needed more arms, tactical leadership, and some encouragement. The amendment was defeated. If it had been adopted and implemented, the whole tragic story of this year might have been different.

Mr. LODGE. I thank the gentleman. The CHAIRMAN. The Chair recognizes the gentleman from West Virginia [Mr. KEE].

Mr. KEE. Mr. Chairman, I wish to assure the gentleman from Michigan [Mr. CRAWFORD] and any others who had in mind the offering of amendments to this bill, that we appreciate their action very much in foregoing that privilege at this time. If and when legislation comes up in accordance with the President's message bearing upon this same subject or any like legislation initiated in the House, we will be very happy to afford the gentlemen every opportunity to be heard by the Committee on Foreign Affairs.

I now wish to express again to the membership of my committee, a committee I consider a great committee, regardless of their political affiliations, my thanks and my appreciation for the unanimous and splendid support they have given me during the consideration of this bill from the time it was introduced down to its final passage.

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

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

There was no objection.

Mr. DONDERO. Mr. Chairman, the President's message to which we have just listened indicates clearly the price we must pay in blood and treasure for the appeasement of communism at home and abroad. We are reaping the whirlwind from the conferences at Yalta, Tehran, and Potsdam by the Roosevelt and Truman administrations. Russia was given a free hand to enslave and dominate small, defenseless nations and peoples. China was sold and betrayed when she was not present at the conference table. In 5 years the Soviets have increased their enslavement of the earth's population from 200,000,000 to 800,000,000. One act of aggression after another has taken place without protest. We consented and even abetted the ravaging of China, a peaceful people and the friend of the United States. With nearly every strategic position in her grasp in the Far East, Russia now

resorts to a cruel and unprovoked attack on an unarmed people in Korea. The bungling leadership of the administration, and especially the State Department with some personnel of questioned loyalty to the United States, has caused this Nation to lose face and prestige before the world.

It was only when North Korean Communists attacked that the pro-Communist policy of our administration in China was compelled to completely reverse its position. The American people had to be sold on the idea, declared the Secretary of State, that Formosa was of no strategic importance to the United States. Within 10 days our Navy had to be dispatched to protect it.

The astounding revelations of lack of preparedness, information, coherent policy, wrong planning, military and economic, and utter lack of statesmanship on the part of this administration have shocked the American people and the world. Small wonder that some members of the United Nations hesitate sending troops to support Americans in Korea. Government by political payoff stands naked and revealed, at last, utter failure to assess world conditions with respect to Communist expansion which we all hope will not prove fatal, but thus far has revealed its stark tragedy. Thousands of young Americans must die because of our failure to support nationalist China. Billions in tax money will be the cost which our taxpayers can ill afford to pay.

During the past 5 years, Congress has appropriated, and the Truman administration has spent, nearly \$70,000,000,000 for national defense. And now where is that defense?

Last April, Defense Secretary Louis A. Johnson, in public statements and some roilingly boastful speeches, told the world that even then we were getting military equipment superior to any produced anywhere else in the world. He boasted that the Kremlin dictator could not start anything anywhere without overwhelming reprisals from the United States within the hour.

Well, more than a month ago the Kremlin started something in Korea, and today American reprisals have been feeble, indeed. Even today, American strength has not arrived in Korea. A month after the event, we are still trying to build up enough supplies and manpower in South Korea even to stem the Communist advance.

Over the past year, we have been told by the Truman administration that the 500-man military mission to South Korea was doing a wonderful job. We have been told that the South Korean Army was well enough trained, and sufficiently armed, to meet any Communist threat from the north.

Now we see it revealed that the military mission did not do a job at all, because it was not provided with the means of doing so. While \$400,000,000 was spent for economic aid to the South Korean Republic, almost nothing at all was spent for military aid. It seems that only about \$42,000 worth of copper wire was all that was sent. About 140,000 rifles, a third of them obsolete, were left

when American occupation troops withdrew.

Rifles alone, as everyone knows, are not worth much against 60-ton tanks, machine guns, and long-range artillery. And in this connection, it should be stated that American military experts now are ready to concede that our best tanks are inferior to those supplied the North Koreans by the Kremlin.

It is strange that these falsehoods should have been told to the American people. But there is an explanation for them. It now stands revealed that the State Department—the same State Department which defeated the will of Congress and refused to send aid to Chiang Kai-shek—sabotaged military aid to the South Korean republic. The State Department now is quoted as saying that to build the military strength of South Korea would be merely to encourage South Korean aggression against the North Korean Communists.

Thus we have a situation unparalleled in American history. In some countries, if an administration failed as the Truman administration has failed, the members of the administration would be forced to flee the country to avoid the anger of the populace. But not here. In this country, today, the administration and its supporters are all accepting mutual congratulation on their prompt and decisive action in going to the aid of the beleaguered South Koreans. They sent the country unprepared into what looks like the beginning of world war III.

Now we are asked to approve an appropriation of \$1,220,000,000 for the military aid program, whereby our allies may receive the arms and munitions they should have received long ago. I shall give this appropriation my support. I do so with fear and trembling, because I do not know what use may be made of it. I trust that it will be used to good effect, even though \$70,000,000,000 already has been wasted. I shall vote for this bill, S. 3809, because I, and all other patriotic Americans, must go all out in support of our war effort if this Nation is to survive, and if free men everywhere are to remain free.

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

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

There was no objection.

Mr. KEATING. Mr. Chairman, by our support of the United Nations in Korea we have etched our declaration of intentions in words of fire and blood. They are there for all to see—including Russia. By our action today we confirm what we said in Korea over 2 weeks ago—that there is a line beyond which free nations, acting in concert, will not permit the Red aggression to go. If we had said it earlier, probably fire and blood would have been avoided. But we must now look forward, not backward.

Today, we continue the military-assistance program and by doing so pledge ourselves to a program of collective action and planning with member nations in Europe.

In doing so, we must be cautious. We cannot run the risk of brashly asserting our strength and our power. Nothing could be more foolhardy at the present time than to assume that we could do without the active participation and aid of other member nations. We must bear this fact in mind at all times in order to keep the action and the planning a united effort which will produce truly collective balanced forces. Just as we are today backing up the edict of the United Nations in Korea and have invited and welcomed all assistance from other United Nations members, so we should not impetuously assume the burden of defending all Europe without substantial and concrete aid from all participating nations of the Atlantic Pact.

The stark reality of the present world situation must dissuade us from any such egotistical, prima donna course of action. The truth is that we cannot alone defend freedom on both the Asiatic and the European fronts without very material assistance from the countries which are most immediately and vitally concerned. As I have insisted before, we must have a fully developed, coordinated plan of defense.

The heretofore hazy outlines of the Communist master plan for world domination are beginning to assume an ominously solid form. If, after we have sent sufficient men and material to drive back the northern Korean invaders, Russia should instigate another instance of unprovoked, armed aggression upon a nation friendly toward us, our supply of men and equipment would be stretched dangerously thin, while the Russians would not have sacrificed one man.

These tactics should be sufficiently clear by now to make us realize that we cannot accomplish the enormous task of defending freedom alone, through our defense spending and our arms-aid programs, unless these arms are made part of a well-formulated, well-integrated plan for defense of Europe in which all member nations would participate to the fullest extent possible.

Our aid will be a very strong contributing factor to morale, but unless it is put to effective use in an over-all plan, we shall have drained our resources to no avail. We must be sure that we are strengthening our own defenses by assisting in the defense of Europe. In fact, we shall have weakened our own economic position and thus our very ability to wage a defensive war, unless a mutual defense plan is formulated. Therefore, common sense dictates that we make certain that other member nations are not led to believe that we can do it all, since that would in turn lead to the bitterest type of disillusionment and resentment when we could not live up to their expectations in the event of war.

What must be maintained in Europe through joint action with sister nations is a sufficient number of troops, ready to join in the common defense, to deter any aggressor from thinking victory would be swift and easy. Such a force would have to be sufficiently strong to fight the delaying action which would be necessary

until we and other free nations could gear their economies and resources to a total war basis. Because of the almost fantastic costs involved, the member nations, including the United States, could not assume the financial burden of maintaining an army large enough to fight an all-out war, and this is not proposed under the military assistance program.

What we can do by way of additional positive action is to integrate our share of MAP and our efforts in Korea into a world-wide campaign of combating communism through all the means at our command. We must fight Communist propaganda on all fronts by the truth about our intentions and actions. We cannot afford to let any Russian so-called peace offensive win potential allies from our cause. We must combine our military assistance for Europe with backing for farsighted political movements there and actively foster sympathetic causes. By doing these things, we shall do away with the risk of being called war-minded or imperialistic or of appearing to be interested only in the military welfare of Europe.

We must forge through all possible means our common beliefs in the well-being and freedom of the individual into lasting bonds of friendship and trust which no Communist propaganda shall pierce and no Red arms tear apart.

Mr. KENNEDY. Mr. Chairman, I think it unfortunate that Spain was not included in this bill.

If my amendment were accepted, it would give to Spain \$75,000,000 in military assistance. It is obvious that we are facing a critical future—this bill is one indication of it. The purpose of this bill is to make it possible for countries that are threatened by the Communists to defend themselves until such time as assistance may come.

I believe that the armies of Spain could make a substantial contribution to the defense of western Europe, and thus I believe they should share in the arms and equipment that we are distributing abroad.

I can understand the reluctance of some Members to assist Spain. They have two chief objections as far as I can tell: First, by giving Spain military assistance we are strengthening Franco; second, if we help Spain, we will lose the support of some western Europeans.

I think that the answer to the first question is obvious—Franco has been in power for 12 years and he is as strong as ever. As to the second, the situation is so critical—western Europe is so weak in relation to the present strength of the Soviets—that we can no longer afford the luxury of omitting Spain from our defense plans for western Europe, and any European who faces the facts must recognize this.

There should be only one qualification before a country becomes eligible for military assistance, and that is: Are they guilty of aggression against other countries? Spain is not.

If we are willing to help Yugoslavia in her struggle for independence from Russia because it is to our benefit, so we should be willing to help Spain.

Mr. DONOHUE. Mr. Chairman, the bill we are discussing this afternoon merely proposes a continuation and extension of the Military Defense Assistance Act we approved in 1949. It is a solid investment in American security based on the conviction that adding strength to the defense forces of our allies increases our own safety. By our action, we are bringing our pledged program of assistance up to date.

The issue presented by this bill is not whether we should follow a policy of mutual defense assistance; that has already been decided. The real issue today is whether we stand still, or go forward in implementing our policy by voting this 1951 program.

No one would be foolish enough to say the adoption of this program is a guaranty that Communist aggression will stop. Quite obviously there are calculated risks in this venture. However, if we do not carry out our program, the risks are incalculably more costly and dangerous.

The Korean aggression, where Americans are bearing the brunt of a United Nations police effort, because the Koreans have neither the weapons nor the experience to sustain the attack, is an example of the price we may pay in blood, tears, and treasure, if we do not help the free to defend themselves. Cooperation with the free is costly, risky, and often exasperating. Fighting alone, by ourselves, is costlier still. We can carry our part of the burden of mutual defense assistance. We may not be able to successfully carry the whole burden of defending the free world alone.

The price of freedom and peace is always high in the face of aggression but they are worth any price. Thank God the American people still prefer death to tyrannical slavery. The history of Manchuria, Ethiopia, Austria, Poland, Lithuania, and the other small liberty-loving nations wearing Soviet shackles, and now Korea, should convince anyone that soft calls for appeasement lead only to military defeat and the destruction of human freedom. Let us demonstrate we have learned our lesson. Only one guaranty is left to us and the remaining free peoples of the world. We are thrown back on the words of the builders of this Nation—the price of liberty is eternal vigilance and preparedness.

This bill should be and, I know, will be wholeheartedly approved by this body, because it is not only consistent with the best security interests of the United States, but it also provides for the discharge of obligations into which we deliberately and openly entered. This bill is a realistic step forward in the determined struggle of this country to obtain peace, security, and freedom for ourselves and for the world.

Mr. HAYS of Arkansas. Mr. Chairman, this legislation is essential to our Nation's defense. If war comes we will be infinitely stronger than we could possibly be without the facilities covered by this program.

But the hopes of peace are greater by reason of it. The gentleman from Ohio [Mr. McSWEENEY] spoke to the House recently of the activities of a Communist

controlled peace conference in Stockholm, Sweden. The conference produced the so-called peace petitions which have been signed by many Americans, unaware of their origin or purpose.

A distinguished American journalist, Mr. Marquis Childs tells in his column today of one editor's reaction to the petitions:

It happens that the executive editor of the Winston-Salem Journal and Sentinel is Wallace Carroll. Carroll directed the London branch of the Office of War Information during World War II. He has an understanding of propaganda warfare as it is waged between truth and falsehood.

His reaction to the appearance of the Stockholm peace petitions in his home town was not to say, "Tut, tut, this is bad, wicked, evil." It was to take the offensive for an honest peace.

The Journal is now circulating an "appeal for a true peace." In the first day or two several hundred signers responded. The appeal as circulated by the Journal is as follows:

"The war in Korea is a danger to the peace of all peoples.

"We believe that the Korean war can be stopped and that peace can be saved if the North Korean forces will obey the United Nations and go back to their starting point.

"We believe that the governments and peoples of the world can persuade them to do this.

"We believe the governments and individuals who proclaim their devotion to peace can prove that devotion by using their influence to stop the Korean war in this way.

"We invite all friends of peace to sign this statement."

That petition, or something very like it, should be circulated not in Winston-Salem alone, not in North Carolina alone. It should be circulated in every country where the iron curtain doesn't keep it out.

We have nothing like an organized party, such as the Communists have, to do that for us. But, I feel confident, the friends of freedom and true peace in almost every country would take it up if the initiative came from the United States.

Mr. Chairman, we must find effective means for letting the world know that our goal is world peace. The initiative must come from our Nation and we must put our skill and energies into a sound peace campaign. While we arm for defense we must take notice of the Communists' misrepresentations and must meet the challenge by expanding our information program.

No people in all the world desire peace more than we and none can surpass us in creating conditions that make it secure if we put our hands to it.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MILLS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (S. 3809) to amend the Mutual Defense Assistance Act of 1949, pursuant to House Resolution 696, he reported the bill back to the House.

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

The question is on the third reading of the bill.

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

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

Mr. KEE. Mr. Speaker, on that I demand the yeas and the nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 362, nays 1, answered "present" 1, not voting 66, as follows:

[Roll No. 210]

YEAS—362

Abbitt	Dondero	Kean
Abernethy	Donohue	Keating
Addonizio	Doughton	Kee
Albert	Douglas	Kelley, Pa.
Allen, Calif.	Doyle	Kelly, N. Y.
Allen, Ill.	Durham	Kennedy
Andersen,	Eaton	Keogh
H. Carl	Elliott	Kerr
Anderson, Calif.	Ellsworth	Kilburn
Andresen,	Elston	King
August H.	Engle, Calif.	Kirwan
Angell	Evins	Klein
Arends	Fallon	Kruse
Auchincloss	Feighan	Kunkel
Balley	Fellows	Lane
Bardeen	Fenton	Lanham
Baring	Fernandez	Larcade
Barrett, Pa.	Fisher	Latham
Bates, Ky.	Flood	LeCompte
Bates, Mass.	Fogarty	LeFevre
Battle	Forand	Lichtenwalter
Beall	Ford	Lind
Beckworth	Frazier	Linehan
Bennett, Fla.	Fugate	Lodge
Bennett, Mich.	Fulton	Lovre
Bentsen	Furcolo	Lucas
Biemiller	Gamble	Lynch
Bishop	Garmatz	McCormack
Blackney	Gary	McCulloch
Blatnik	Gathings	McDonough
Boggs, Del.	Gavin	McGrath
Boggs, La.	Golden	McGregor
Bolling	Goodwin	McGuire
Bolton, Md.	Gorski	McKinnon
Bolton, Ohio	Gossett	McMillan, S. C.
Bonner	Graham	McSweeney
Bosone	Granahan	Mack, Ill.
Boykin	Granger	Mack, Wash.
Bramblett	Grant	Madden
Brehm	Green	Magee
Brown, Ga.	Gross	Mahon
Brown, Ohio	Gull	Mansfield
Bryson	Gwinn	Marsalis
Buchanan	Hagen	Martin, Iowa
Buckley, Ill.	Hale	Martin, Mass.
Burdick	Hall,	Mason
Burke	Leonard W.	Merrow
Burleson	Halleck	Meyer
Burnside	Hand	Michener
Burton	Harden	Miles
Byrne, N. Y.	Hardy	Miller, Calif.
Byrnes, Wis.	Harrison	Miller, Md.
Camp	Hart	Miller, Nebr.
Canfield	Harvey	Mills
Cannon	Havener	Mitchell
Carlyle	Hays, Ark.	Monroney
Carnahan	Hays, Ohio	Morgan
Case, N. J.	Hébert	Morris
Case, S. Dak.	Hedrick	Morton
Cavalcante	Heffernan	Moulder
Celler	Heller	Multer
Chatham	Herlong	Murdock
Chelf	Herter	Murphy
Chesney	Heselton	Murray, Wis.
Chipperfield	Hobbs	Nelson
Chudoff	Hoeven	Nicholson
Clemente	Hoffman, Ill.	Nixon
Clevenger	Hoffman, Mich.	Noland
Cole, Kans.	Holfield	Norblad
Colmer	Holmes	Norrell
Corbett	Hope	O'Brien, Ill.
Cotton	Horan	O'Brien, Mich.
Coudert	Howell	O'Hara, Ill.
Crawford	Huber	O'Hara, Minn.
Crook	Hull	O'Konski
Crosser	Jackson, Calif.	O'Neill
Cunningham	Jackson, Wash.	O'Sullivan
Curtis	Jacobs	O'Toole
Dague	James	Pace
Davenport	Javits	Patten
Davies, N. Y.	Jenison	Patterson
Davis, Ga.	Jenkins	Peterson
Davis, Wis.	Jensen	Pfeifer,
Deane	Jonas	Joseph L.
DeGraffenried	Jones, Ala.	Pfeiffer,
Delaney	Jones, Mo.	William L.
Denton	Jones, N. C.	Philbin
D'Ewart	Judd	Phillips, Calif.
Dollinger	Karst	Plumley
Dolliver	Karsten	Poage

Polk	Shaffer
Potter	Shelley
Poulson	Sheppard
Preston	Sikes
Price	Simpson, Ill.
Priest	Simpson, Pa.
Rabaut	Smathers
Ramsay	Smith, Kans.
Rankin	Smith, Va.
Redden	Smith, Wis.
Reed, Ill.	Spence
Reed, N. Y.	Staggers
Rees	Stanley
Ribicoff	Steed
Richards	Stefan
Riehlman	Stigler
Rodino	Stockman
Rogers, Fla.	Sullivan
Rogers, Mass.	Sutton
Rooney	Taber
Roosevelt	Tackett
Sabath	Talle
Sadlak	Tauriello
St. George	Taylor
Sanborn	Teague
Sasser	Thomas
Saylor	Thornberry
Scott, Hardie	Tollefson
Scott,	Towe
Hugh D., Jr.	Trimble
Scrivner	Underwood
Scudder	Van Zandt
Secrest	Velde

Vinson	Wadsworth
Vorys	Wagner
Vursell	Walsh
Wadsworth	Walter
Wagner	Weichel
Walsh	Werdel
Walter	Wheeler
Weichel	Whitaker
Werdel	White, Calif.
Wheeler	Whitten
Whitaker	Whittington
White, Calif.	Wickersham
Whitten	Widmalm
Whittington	Wier
Wickersham	Wigglesworth
Widmalm	Williams
Wier	Wilson, Ind.
Wigglesworth	Wilson, Okla.
Williams	Wilson, Tex.
Wilson, Ind.	Winstead
Wilson, Okla.	Withrow
Wilson, Tex.	Wolcott
Winstead	Wolverton
Withrow	Wood
Wolcott	Woodhouse
Wolverton	Woodruff
Wood	Yates
Woodhouse	Young
Woodruff	Zablocki
Yates	
Young	
Zablocki	

mous consent that all Members may have five legislative days in which to extend their remarks on the bill.

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

There was no objection.

SPECIAL ORDER GRANTED

Mr. SIKES asked and was given permission to vacate the special order granted him for today; and that on tomorrow he may address the House for 1 hour following the legislative business of the day and other special orders.

FORT RUCKMAN MILITARY RESERVATION

Mr. BONNER. Mr. Speaker, I call up the conference report on the bill (H. R. 7477) providing for the conveyance to the town of Nahant, Mass., of the Fort Ruckman Military Reservation, and ask unanimous consent that the statement be read in lieu of the report.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 2567)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7477) providing for the conveyance to the town of Nahant, Massachusetts, of the Fort Ruckman Military Reservation, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That, upon payment to the United States of the sum of \$23,000, the Administrator of General Services is authorized and directed to convey by quitclaim deed to the town of Nahant, Massachusetts, all of the right, title, and interest of the United States in and to all lands constituting the Fort Ruckman Military Reservation, situated within the town of Nahant, together with the buildings and other improvements thereon: *Provided, however,* That the instrument of conveyance shall contain such terms and conditions which will allow the recapture of the property in the event said property is not used for educational, recreational, or other public purposes: *Provided further,* That the instrument of conveyance shall reserve to the United States, for so long as it is necessary for governmental purposes, that certain fifteen-foot easement for the maintenance, repair, and replacement of a cable and its appurtenances, and at such time as it shall be no longer required for governmental use, said easement may be abandoned and upon such abandonment will automatically terminate, and that certain temporary easement, terminating June 30, 1954, covering one and eight-tenths acres of land used in connection with the Turf Drainage Investigation Program, with right of access thereto, both easements being more particularly described in WAA Form 1005 dated June 22, 1948, Reporting Agency No. WD-1299, as amended by WAA Form 1005 dated December 15, 1948, Reporting Agency No. WD-1299-B, which are filed in the office of the General Services Administration."

And the Senate agree to the same.

WILLIAM L. DAWSON,
HERBERT C. BONNER,
ROBERT F. RICH,
Managers on the Part of the House.

HUBERT H. HUMPHREY,
WM. BENTON,
MARGARET CHASE SMITH,
Managers on the Part of the Senate.

NAYS—1

Marcantonio

ANSWERED "PRESENT"—1

Rich

NOT VOTING—66

Allen, La.	Gore	Norton
Andrews	Gregory	Passman
Aspinall	Hall,	Patman
Barrett, Wyo.	Edwin Arthur	Perkins
Breen	Hare	Phillips, Tenn.
Brooks	Harris	Pickett
Buckley, N. Y.	Hill	Powell
Bulwinkle	Hinshaw	Quinn
Carroll	Irving	Rains
Christopher	Jennings	Regan
Cole, N. Y.	Johnson	Rhodes
Combs	Kearney	Rivers
Cooley	Kearns	Robeson
Cooper	Keefe	Sadowski
Cox	Kilday	Short
Davis, Tenn.	Lyle	Sims
Dawson	McCarthy	Smith, Ohio
Dingell	McConnell	Thompson
Eberharter	McMillen, Ill.	Welch
Engel, Mich.	Macy	White, Idaho
Gillette	Marshall	Willis
Gilmer	Morrison	
Gordon	Murray, Tenn.	

So the bill was passed.
The Clerk announced the following pairs:

Mr. Aspinall with Mr. Cole of New York.
Mr. Pickett with Mr. Edwin Arthur Hall.
Mr. Cox with Mr. Barrett of Wyoming.
Mr. Carroll with Mr. Phillips of Tennessee.
Mr. Powell with Mr. Smith of Ohio.
Mr. Gregory with Mr. Hill.
Mr. Welch with Mr. Engel of Michigan.
Mr. Gordon with Mr. Short.
Mr. Gilmer with Mr. Hinshaw.
Mr. Morrison with Mr. Gillette.
Mr. Cooley with Mr. Jennings.
Mr. Rhodes with Mr. Macy.
Mr. Brooks with Mr. Johnson.
Mr. Andrews with Mr. Kearns.
Mr. Murray of Tennessee with Mr. McMillen of Illinois.
Mr. Eberharter with Mr. Kearney.
Mr. Harris with Mr. Keefe.
Mr. Regan with Mr. McConnell.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. KEE. Mr. Speaker, I ask unanimous consent that all Members may have the privilege of extending their remarks in the RECORD at the point just before the Committee rose; and I ask unani-

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7477) providing for the conveyance to the town of Nahant, Mass., of the Fort Ruckman Military Reservation, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute amendment. The conferees have agreed on a substitute for both the House bill and the Senate amendment. Except for clarifying, clerical and necessary conforming changes, the following statement explains the differences between the House bill and the substitute agreed to in conference.

The House bill provided that the town of Nahant, Mass., would receive all right, title, and interest of the United States in and to all lands constituting the Fort Ruckman Military Reservation by quitclaim deed conveyance from the General Services Administrator. This conveyance was to be without monetary consideration. The Senate amendment sets out that this transfer will be effected by the Administrator of General Services upon the payment to the United States of the sum of \$23,000 as monetary consideration. The conferees adopted in this regard the Senate language, which will assure that in these transfers of surplus property the Government does receive a sum of money from the recipient town. This amount bears a necessary relationship to the valuation of the property and the ability on the part of the community to underwrite this cost factor in a transfer beneficial to the community and the Nation.

The House text provided for the recapture of the Fort Ruckman Military Reservation and appurtenances in the event of a national emergency. The Senate amendment struck out this recapture clause. The House conferees accept the Senate version and recede on this provision because adequate means remain and are available to the Government should occasion arise during a national emergency for reemployment of this property in the interest of national defense or security.

H. R. 7477 carried the proviso that the instrument of conveyance shall contain such terms and conditions which will allow the recapture of the property in the event said property is not used for educational or other public purposes. The Senate substitute carried no such provision. The conferees agreed upon the House text, with the insertion of the word "recreational", so that the agreed version now accepted by the conferees reads: "Provided, however, That the instrument of conveyance shall contain such terms and conditions which will allow the recapture of the property in the event said property is not used for recreational, educational, or other public purposes."

The conferees of both Houses agreed that the addition of the word "recreational" would broaden the usage to which this property might be put. The effect of this clause will be to assure the Federal Government that the utilization of this property will be in the interest of the community of Nahant and will preclude the employment of this reservation land for general commercial, industrial, or residential purposes.

WILLIAM L. DAWSON,
HERBERT C. BONNER,
ROBERT F. RICH,

Managers on the Part of the House.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

SPECIAL ORDERS GRANTED

Mr. HOBBS asked and was given permission to address the House for 10 minutes in two instances today following the legislative program and any special orders heretofore entered.

Mr. BURKE asked and was given permission to address the House for 20 minutes on Monday next, following the legislative program and any special orders heretofore entered.

Mr. HUBER asked and was given permission to address the House for 10 minutes on tomorrow, following the legislative program and any special orders heretofore entered.

Mr. FURCOLO asked and was given permission to address the House for 20 minutes today, following the legislative program and any special orders heretofore entered.

EXTENSION OF REMARKS

Mr. BUCHANAN asked and was given permission to extend his remarks and include a statement by him reporting on decisions reached this morning in the Select Committee on Lobbying Activities together with an exchange of letters and a press release.

Mr. KLEIN asked and was given permission to extend his remarks in four instances and include extraneous matter.

Mr. KELLEY of Pennsylvania asked and was given permission to extend his remarks and include an address by Mr. George P. Delaney, before the National Labor Conference in Geneva, Switzerland.

Mr. ELLIOTT asked and was given permission to extend his remarks and include extraneous matter.

Mr. MURPHY (at the request of Mr. ROONEY) was given permission to extend his remarks and include a speech by Maj. Gen. Anthony C. McAuliffe.

Mr. WOOD asked and was given permission to extend his remarks and include an address by Charles A. Collier, before the National Citizens Conference on Planning for City, State, and Nation, held in Washington, on the subject Community Building Is Good Business, notwithstanding the fact that it will exceed two pages of the RECORD, and is estimated by the Public Printer to cost \$191.34.

Mr. CAVALCANTE asked and was given permission to extend his remarks and include extraneous matter notwithstanding the fact that it will exceed two pages of the RECORD and is estimated by the Public Printer to cost \$218.68.

Mr. WHITAKER (at the request of Mr. CHELF) was given permission to extend his remarks.

Mr. PLUMLEY asked and was given permission to extend his remarks.

Mr. HÉBERT asked and was given permission to extend his remarks in two instances and include extraneous matter.

Mr. LANE asked and was given permission to extend his remarks in three instances and include extraneous matter.

Mr. FARRINGTON asked and was given permission to extend his remarks and include a poem.

Mr. JAVITS asked and was given permission to extend his remarks in three

instances and include extraneous matter.

Mr. NORBLAD asked and was given permission to extend his remarks and include extraneous matter.

Mr. SHAFER (at the request of Mr. MICHENER) was given permission to extend his remarks in three instances and include extraneous matter.

Mrs. ST. GEORGE asked and was given permission to extend her remarks in four instances.

Mr. LATHAM asked and was given permission to extend his remarks and include an article, notwithstanding the fact that it will exceed two pages of the RECORD and is estimated by the Public Printer to cost \$191.54.

Mr. GAMBLE asked and was given permission to extend his remarks in the RECORD.

Mr. GWINN asked and was given permission to extend his remarks in two instances.

Mr. HESELTON asked and was given permission to extend his remarks and include an editorial.

Mr. JUDD asked and was given permission to extend his remarks in two instances and include extraneous matter.

Mr. MARTIN of Iowa. Mr. Speaker, I ask unanimous consent to extend my remarks in two instances and include extraneous matter, in one to include a letter written by Commodore Perry in 1856, which I placed in the RECORD January 18, and which I referred to in my discussion of the bill on the floor yesterday. I ask unanimous consent that it be reprinted in the RECORD, notwithstanding its previous appearance.

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

There was no objection.

Mr. McGUIRE asked and was given permission to extend his remarks and include an editorial.

Mr. KEOGH asked and was given permission to extend his remarks in two instances.

Mr. McCORMACK asked and was given permission to extend his remarks in three instances and to include an address and an editorial.

EXTENDING AUTHORITY FOR 5 YEARS FOR THE TEXAS CITY TIN-SMELTER OPERATION

Mr. COLMER, from the Committee on Rules, reported the following privileged resolution (H. Res. 714, Rept. 2597), which was referred to the House Calendar and ordered to be printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 8569) to strengthen the common defense by extending for 5 years the authority for the Texas City tin-smelter operation. That after general debate which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with

such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

AMENDMENT OF INTERSTATE COMMERCE ACT

Mr. SABATH, from the Committee on Rules, reported the following privileged resolution (H. Res. 715, Rept. 2598), which was referred to the House Calendar and ordered to be printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 5967) to amend the Interstate Commerce Act, as amended, to clarify the status of freight forwarders and their relationship with motor common carriers. That after general debate which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

RUSSIAN RAILWAY SERVICE CORPS

Mr. McSWEENEY, from the Committee on Rules, reported the following privileged resolution (H. Res. 716, Rept. No. 2599), which was referred to the House Calendar and ordered to be printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 6277) to give discharges to the members of the Russian Railway Service Corps organized by the War Department under authority of the President of the United States for service during the war with Germany. That after general debate which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

SPECIAL ORDERS GRANTED

Mrs. ROGERS of Massachusetts asked and was given permission to address the House for 3 minutes today, following the legislative program and any special orders heretofore entered.

Mr. POTTER asked and was given permission to address the House for 5 minutes today, following the legislative program and any special orders heretofore entered.

FEDERAL DEPOSIT INSURANCE ACT

Mr. SMITH of Virginia. Mr. Speaker, I call up House Resolution 697 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 2822) to amend the Federal Deposit Insurance Act (U. S. C., title 12, sec. 264). That after general debate, which shall be confined to the bill and continue not to exceed 2 hours, to the equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

PERSONAL ANNOUNCEMENT

Mr. SHORT. Mr. Speaker, I was necessarily delayed downtown earlier this afternoon and just missed roll call No. 210, on the passage of the extension of the Mutual Defense Assistance Act. Had I been present I would have voted "yea." I want the RECORD to show that.

FEDERAL DEPOSIT INSURANCE ACT

Mr. SMITH of Virginia. Mr. Speaker, I yield 30 minutes to the gentleman from Illinois [Mr. ALLEN], and yield the gentleman from Massachusetts [Mr. McCORMACK] such time as he may consume.

Mr. McCORMACK. 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 Massachusetts?

There was no objection.

Mr. McCORMACK. Mr. Speaker, the Government employees everywhere have lost a real friend in the passing of James G. Yaden, the national president of the American Federation of Government Employees.

I had known Mr. Yaden for the many years that he was with the Civil Service Commission and during his tenure of office as president of the American Federation of Government Employees.

My late friend was a great American, a man of deep moral convictions and faith, an understanding leader of his splendid organization, and a real friend of and worker for all Government employees. I am deeply grieved in his death.

To Mrs. Yaden and his son and daughter I extend my profound sympathy in their great loss and sorrow.

Mr. SMITH of Virginia. Mr. Speaker, the bill whose consideration this rule proposes to make in order is a bill that has been reported from the Committee on Banking and Currency. It is the first general revision that has been had of the Federal Deposit Insurance Act. I think it would not be out of place at this time, in the light of the fact that this is the first major revision of that act, which has been in force for some 17 years, to submit some brief comment upon the administration of that act.

As you know, when Congress passed the Glass-Steagall bill early in the Roosevelt Administration, the FDIC was

a portion of that act. At that time the whole Nation was in a state of confusion relative to fiscal institutions. All the banks had recently been closed, owing to the economic crisis that was on the country at that time. After the enactment of that law, I think there has never been a time when the banking institutions of this country have been sounder or in better shape, and that condition has continued to better itself from year to year as this institution has continued to function.

I think it should be said in the light of the fact that this is a major revision of the act that the organization that has carried out the provisions of this act has done a splendid job for the country and ought to be complimented for its fine administration. There have been practically no bank failures in this country since this law has been in effect. Whatever failures there have been have been of a very minor and scattered character.

The law as it was first enacted and at the present time provides for the insurance of bank deposits up to a maximum of \$5,000. Of course, that does not insure all accounts. The reason for that small amount of insurance I think grows out of this, that runs on banks which cause failures of banks are known to be very much a psychological condition. One person gets a notion that something is wrong with a bank and he tells somebody else, and the first thing you know you have a run on the bank. That condition is more likely to come about with the small depositors than with the larger depositors. So this \$5,000 insurance is furnished as an insurance against the panic which causes sound institutions to go down in times of trouble.

One of the major features of this revision is to increase that insurance from \$5,000 to \$10,000. Personally, I do not think it is necessary. I have no quarrel with it, and I understand many of the banks want it, but personally I think that if you insure the small depositors, who are the vast majority of all depositors, you have taken away the psychological situation that causes runs and failures of banks. However, the committee in its wisdom has seen fit to increase this insurance from \$5,000 to \$10,000.

Another feature of the bill is a refund of a portion of the annual premium paid by the banks. As it is, under the present law each bank pays one-twelfth of 1 percent of its deposits as an insurance premium. Through that process a large surplus has been built up by the Corporation over these 17 years. In fact, it is something like \$1,200,000,000 which the committee thinks is ample for the present situation. There has been a good deal of agitation for drastically reducing those premiums. The committee did not think well of that, but they have reached this formula which I, having had some 20 years' experience in a financial institution, think is a very sound proposition. That is to say, that of this premium which is paid each year the FDIC will pay all of the expenses and losses that may accrue. After that has been done they will take the surplus premiums which are left over, and of

that surplus premium will return 60 percent to the institutions that have paid the premiums and the other 40 percent will be used to build up that surplus of \$1,200,000,000. The committee, and I agree, feel that 40 percent annual increase added to the present large surplus is going to be ample to take care of any situation in view of the fact that all losses are first to be paid. If any year comes along when the losses are greater than the income, then no refund is to be made to the insured until that loss has been made up in future years. It is calculated through that method we will provide for an increase in the reserve of approximately \$70,000,000 a year.

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

Mr. SMITH of Virginia. I yield.

Mr. DONDERO. Has any change been made in the proposed legislation changing the amount of the assessment against the banks which is now one-twelfth of 1 percent of their deposits? Or is it to be handled on a yearly basis?

Mr. SMITH of Virginia. That remains as it is, the one-twelfth of 1 percent remains.

There are numerous little minor changes in the law which, growing out of experience, are largely administrative changes, I have mentioned to you, however, I believe, the only major changes which the law contemplates.

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

Mr. SMITH of Virginia. I yield.

Mr. TACKETT. I believe I understood the gentleman to say it is contemplated by the committee that the 40 percent would build up a reserve of something like \$70,000,000 a year?

Mr. SMITH of Virginia. I think that figure is in the report.

Mr. TACKETT. To what extent does the committee anticipate this reserve building up? In other words, now it is \$1,200,000,000 and \$70,000,000 a year are to be added to it by only taking 40 percent of the assessments. How far are they going to raise this reserve?

Mr. SMITH of Virginia. I think they have done nothing on that in the bill. I think that is a question which is left open for future experience, and as experience guides that is what they will do in the future. They may recommend some further legislation to either raise or lower the premiums.

Mr. TACKETT. I called up Secretary Snyder and asked if he anticipated recommending to the Committee on Banking and Currency that the assessments be reduced. On the 20th day of January, 9 days later, he called me stating that he was going to ask for a drastic reduction in the assessments. I notice in this bill there is no reduction of assessments, but it is contemplated that the amounts which are lost by virtue of the insurance be paid, and that only 40 percent of the money be retained, which would make, I believe the gentleman said, something like \$70,000,000 a year be added to the reserve. Has there not been some consideration by the committee toward a reduction of the assessments from one-twelfth of the deposits?

Mr. SMITH of Virginia. I am not a member of the Committee on Banking and Currency. I am a member of the Rules Committee and as such am presenting to the House the pending resolution providing for the consideration of the bill. So I do not know what discussion took place in that committee.

Mr. Speaker, I reserve the remainder of my time.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 1 minute to the gentleman from Vermont [Mr. PLUMLEY].

Mr. PLUMLEY. Mr. Speaker, I ought to apologize, and would, were it not for the exigency which compels me to take advantage of the opportunity to say that tomorrow you will find in your mail an envelope bearing my signature, addressed to you, which you should not throw into the wastepaper basket. It contains five pieces of literature relative to that greatest of States, to which I hope some of you may have the inclination to migrate.

My friend the gentleman from Massachusetts [Mr. PHILEIN] tells a story on me which I love. He tells everybody that I am the sole Representative from the State of Vermont. Then he says he got stuck in Brattleboro and he was looking for me. He met some people and he said, "Is Charlie at home?" They said, "No. He lives 125 miles from here, but I see by the paper he will be at home on Tuesday."

The address is 12 Prospect Street, and the latchstring is out.

If you cannot use this literature, please send it back to me, because the demand is greater than the supply.

Mr. SMITH of Virginia. Mr. Speaker, I yield 1 minute to the gentleman from Colorado [Mr. MARSALIS].

Mr. MARSALIS. Mr. Speaker, I ask unanimous consent to insert in the Record at this point a telegram from Mr. George F. Rock, chairman of the board of directors of the American Industrial Bankers Association, in which he heartily endorses this legislation.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The telegram is as follows:

DENVER, COLO., July 19, 1950.

HON. JOHN H. MARSALIS,
Member of Congress,
House of Representatives,
Washington, D. C.:

Understand that S. 2822, a bill to amend Federal Deposit Insurance Act, will be considered by House of Representatives today or tomorrow. In my opinion this legislation deserves speedy enactment. Increase in deposit insurance coverage provided by this bill will benefit millions of small depositors. Likewise it will be helpful to banks in cities and villages throughout the Nation as well as to individuals and businesses using bank credits. With a successful record over a period of more than 16 years, the Federal Deposit Insurance Corporation has demonstrated its work as a stabilizing influence for the American free enterprise system of dual banking. Since 1944 not a single depositor has lost money as a result of banking disorders. I am voicing the sentiment of bankers and business communities generally when I assure you that this outstanding record testifies to the able administration of the Federal Deposit

Insurance Corporation. Urge you to give this legislation your unqualified support.

GEORGE F. ROCK,
Chairman, Board of Directors, American Industrial Bankers Association.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 6 minutes to the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. Mr. Speaker, the question has been raised as to the soundness of the United States banking system. In looking to that you must look to see what makes up the reserves in the banking system and see whether they are assets or obligations that can be depended upon. If the United States banking system becomes too filled with Government obligations that have been put into the banks through the Federal Reserve System by a method of monetization, the time is going to come when the whole banking system depends on just how good the Government bonds are and whether they are maintained at 100 percent of their present parity price. The business, industrial, and individual service and loans of the banks become merely a minor incident in the banking business. When this occurs, as it is now occurring, the banks cannot survive without the income on Government obligations. Should this particular income be reduced, the prospect would then be Government subsidies even at the best, or nationalization of the banking system. The stockholders of banks in this country must insist the banking institutions conduct a commercial banking business and get off the soft cushion of Government interest-bearing obligations. The Government is already invading the field of loans because the banks are fast becoming coupon-clipping agencies for Government bonds to the detriment of their real field which made them strong. The banks will surely regret this "easy" way, and their failure to take local responsibility for the financing of loans and legitimate business will come back to plague them.

Now, may I ask the committee, when you speak of a reserve of \$1,200,000,000 that has been built up in the FDIC, what is that reserve?

Mr. BROWN of Georgia. In Government securities.

Mr. FULTON. What kind of Government securities does that reserve represent?

Mr. BROWN of Georgia. It represents Government bonds at 2 percent. They realize \$25,000,000 a year on those Government securities, and that is passed on to the reserve.

Mr. FULTON. There are no other securities than Government securities in the FDIC reserve?

Mr. BROWN of Georgia. That is right.

Mr. FULTON. So that actually this reserve is just a general obligation of the Government, although it is represented by bonds of the Government in formal form.

What is the percentage of deposits in insured institutions guaranteed at \$5,000 at the present time? What percent of the total amount of bank deposits of insured institutions are they? My previous information is that these insured

deposits amount to over 93 percent in number of depositors in the average insured bank in this country.

Mr. BROWN of Georgia. About 95½ percent.

Mr. FULTON. So that over the whole country it is 95½ percent of the deposits, at a \$5,000 guaranty, that are covered by the FDIC guaranty?

Mr. BROWN of Georgia. That is right.

Mr. FULTON. Then if you increase the guaranty to \$10,000 by this bill, what, in number, does that increase the percentage of deposits covered in insured institutions over the whole country?

Mr. BROWN of Georgia. Ninety-eight and six-tenths percent.

Mr. FULTON. So that when we pass this bill the United States will have in number of bank deposits of insured institutions not covered by this insurance program only 1.4 percent?

Mr. BROWN of Georgia. In amount you have a \$12,000,000,000 increase and 2.2 percent in the number carried.

Mr. FULTON. The number covered is raised to 98.6 percent.

Mr. BROWN of Georgia. But in the total amount covered you have an extra \$12,000,000,000.

Mr. FULTON. But there is only 1.4 percent in number not covered under the \$10,000 guaranty.

Mr. BROWN of Georgia. About 2 percent.

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

Mr. FULTON. I yield.

Mr. BUCHANAN. I may say that the total amount of deposits insured are now approximately 48.4 percent. This present bill will cover 56.5 percent. The total number of accounts at the present time is 95.7 percent, and this bill will increase them to 98.6 percent.

Mr. FULTON. My colleague from Pennsylvania agrees that there is only 1.4 percent in number not covered.

Mr. BUCHANAN. As far as the total number of accounts is concerned. As far as the total amount of deposits is concerned, it is at present 48.8 percent; this bill will cover them to the tune of 56.5 percent.

Mr. FULTON. May I ask my worthy colleague on the Banking and Currency Committee what kind of Government obligations are in the assets of the banks which will cover or secure the 1.4 percent in number not taken care of under this bill?

Mr. BUCHANAN. They are covered in their entirety to the extent of \$5,000.

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

Mr. BUCHANAN. I yield.

Mr. CRAWFORD. I wonder if the gentleman would agree that the soundness of the banks from the standpoint of the depositor is the ability of the bank to pay its dollar obligation to the depositor. As a depositor you want to know whether or not you will get your dollar value back. We have this very interesting situation: These insured banks probably carry today roughly sixty to sixty-two billion dollars' worth of Government bonds which bonds can be converted into Federal Reserve notes, which are currency, so that the bank can pay its

obligation to the depositors. We are now starting in on a new defense program and additional billions of Government securities will have to be issued which will be primarily sold to the banks. As long as the banks can convert those bonds dollar for dollar into Federal Reserve notes which are legal tender the bank will probably be able to pay off the dollar obligation due the depositor, but the big question always is: What is the dollar worth after the depositor gets it?

Mr. FULTON. The gentleman is very correct. I wanted to point out this problem that we are coming to in the banking system. Before I came to Congress, for 12 years I was a partner and associated with a law firm representing a very large banking group in the city of Pittsburgh, so that I am very interested as to the effect of this proposed legislation and our current banking and currency policies on our banking and fiscal situation. When the Government guarantees either directly or indirectly all the deposits in the banks, it is a needless move to be charging banks so much premium, one-twelfth of 1 percent on the deposits per year, and putting the proceeds over into another reserve account which is also simply put into Government obligations, because that is simply a bookkeeping transaction. The Government becomes liable either directly on its guaranty of deposits or indirectly on the obligations under the bonds in the reserve.

May I point out to you that if the Administration applies the Brannan Plan principle to the banking industry, which is an unfortunate possibility, the Government will then guarantee all the bank deposits in one blanket guaranty of the Government.

When the Government guarantees all the deposits in the bank by one obligation there is no need of paying 2.1 percent a year on Government bonds held by the banks as security for deposits, because the deposits are already guaranteed. Then the Government will come along under the Brannan plan theory and say to the banks: In exchange for a blanket Government guaranty of all your deposits, we want you to turn in your Government bonds and Government short-term obligations for cancellation of the formal instruments. The Government will then guarantee the banks the same return as they now receive on their Government obligations and will tell the banks they do not have to pay any further annual FDIC premiums of one-twelfth of 1 percent per year as it is much easier for the Government simply to pay the losses as they occur, after the stockholders' equity is applied to reduce them. The banks would like this suggestion.

As the deposits are all guaranteed, no depositor will be worried about the solvency of the bank or the validity of its loans, so the few losses will be largely stockholders' losses, but they won't be able to complain much because their bank will have been receiving annual payments from the Government in lieu of interest on Government bonds and short-term obligations, without which under present conditions the bank's op-

erations would not have been profitable or netted them a return on their investment.

Through this method of cancellation, the Federal Government would reduce its principal indebtedness by sixty to sixty-two billion dollars, the amount of Government bonds, for example, turned in as unnecessary for security for bank deposits because of the general blanket guaranty by the government of all deposits. The banks would then have to get a continuing appropriation each year to make up the loss of interest, which would be the total charge to the Government, in addition to the small net annual losses on the guaranty.

And the banks would be in the same predicament the farmers would be under the Brannan plan, dependent on Government annual appropriations for their very existence. Do not underestimate the appeal of this blanket guaranty of deposits plan which I have just outlined, as the face amount of the National debt can be cut substantially by it.

I close by warning the banks that by approaching under this bill to 98.6 percent guaranty in number of deposits they are coming so close to the blanket Government guaranty by their own actions that any child can see it will not pay the Government to pay 2.1 percent annually on the face amount of Government bonds now held by the banks as assets to secure only 1.4 percent in number of accounts. The closer we approach to 100-percent guaranty of deposits by the Federal Government, the closer we fatally approach Government control of the management of those deposits. This unfortunately means nationalization of the United States banking system by indirection, and the gradual termination of an independent United States banking system.

Mr. ALLEN of Illinois. Mr. Speaker, I yield myself 20 seconds.

The gentleman from Virginia has clearly explained the rule and the provisions of the bill. I do not know of anyone who is opposed to the rule. I hope it passes.

Mr. Speaker, I reserve the balance of my time.

Mr. SMITH of Virginia. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

Mr. SPENCE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 2822) to amend the Federal Deposit Insurance Act (U. S. C., title 12, sec. 264).

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill S. 2822, with Mr. FORAND in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

Mr. SPENCE. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, I do not think there is any agency of the Government that more

richly deserves the confidence, the respect, and the gratitude of the American people than the Federal Deposit Insurance Corporation. You will remember that in 1933 we had the collapse of our banking system, that confidence was shaken in all our financial institutions, and that the banks were closed. The Government was called upon to take their capital notes or buy their preferred stock. The Reconstruction Finance Corporation furnished the money to restore their solvency so that they might resume business, and the banks were reopened. Shortly thereafter the Federal Deposit Insurance Corporation was created and from that day to this there has been a renewed confidence in our banks, a renewed stability in our economy, and there have been so few bank failures that they have had no appreciable effect upon the economy of the Nation.

This institution has been in existence for 16 years and its net losses amount to but \$26,000,000 in all that time. During that time it has accumulated a reserve of \$1,200,000,000.

The bill under consideration increases the insurance coverage from \$5,000 to \$10,000 of individual accounts. In my opinion, this will have a very beneficial effect especially upon many of our smaller banks. There are many corporations that deposit in the smaller banks to the extent of \$5,000 in order to encourage good will and I have been told by some who have control of these organizations that if the coverage is increased to \$10,000 it will increase their deposits. It would encourage the decentralization of the money of our country and would encourage its further distribution.

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

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

Mr. GROSS. Can the gentleman tell me what the average income in the United States is?

Mr. SPENCE. No; I cannot.

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

Mr. SPENCE. I yield to the gentleman from Ohio.

Mr. McSWEENEY. What happens to the fund? Does it lie idle? Is it in Government bonds? Is it usable? Can it be borrowed upon?

Mr. SPENCE. Yes, it is in Government bonds, and it yields now \$25,000,000 a year, which is added to the insurance reserve. The assessments on the banks are one-twelfth of 1 percent of the deposits. Under this bill the net income from the assessments will be distributed. Forty percent will go into this fund which will increase it about \$40,000,000 a year, which added to the investment income of \$25,000,000 will increase the insurance fund about \$65,000,000 a year.

Mr. McSWEENEY. Is that 60 percent distributed pro rata?

Mr. SPENCE. Sixty percent, after the payment of administrative expenses, losses, and reserve for losses will be distributed pro rata upon the basis of the assessments paid as a credit against future assessments.

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

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

Mr. CRAWFORD. On the basis of the premium paid in.

Mr. SPENCE. As a dividend on the basis of the premiums paid in.

In addition to this, in the organization of the Federal Deposit Insurance Corporation, \$139,000,000 was advanced by the Federal Reserve banks and \$150,000,000 by the Treasury for capital stock of the corporation. That money has all been paid back. No Government agency has any money in this corporation now. The fund is contributed to entirely by the insured banks. But in the retirement of that stock no interest was paid. It is now provided that the interest that was due upon these advances, which amounts to \$80,000,000, will be paid into the Treasury of the United States out of current assessment revenues. Then after that is done this organization will be absolutely free of any contributions by the Federal Government and the backlog will have been entirely made up by the assessments on the banks.

Those are the salient features of this bill. I think there is no objection to it, and I hope that the House will pass the bill.

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

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

Mr. FULTON. Is it not true that the closer you come to a guaranty by the Government of all bank deposits, the closer you come to the United States Government running all banks?

Mr. SPENCE. No; I cannot see that the Government would run the banks any more if it were a \$10,000 guaranty rather than a \$5,000 guaranty. Certainly, they would not attempt to exercise any further control over the banks under one condition than the other.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

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

Mr. BROWN of Georgia. I think the gentleman from Pennsylvania is laboring under some misapprehension about this bill. When you raise the coverage from \$5,000 to \$10,000 the bank does not pay another dime. They pay the same assessment. It is only when you have failure that it would make a difference. But, the assessment would be the same whether it was 10 or 5.

Mr. FULTON. What I am afraid of, in answer to that, is that when the Government guaranties 98.6 percent in number of deposits, you are then going to have the Government calling the tune for what the banks do, and to me that is very short-sighted policy on the part of the banks to further put themselves in the power of the Government.

Mr. SPENCE. I think the gentleman's apprehensions are entirely unfounded.

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

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

Mr. MULTER. The basic mistake our friend from Pennsylvania is making is in saying that the Government is guar-

anteeing those deposits. The Federal Deposit Insurance Corporation is an agency of Government, but the fund that is being used to guarantee these deposits is contributed by the banks. It is not Government insurance.

Mr. SPENCE. It is not Government insurance. The fund is entirely made up by the assessments from the banks.

Mr. FULTON. The great mistake the gentleman from New York is making is that the reserve the FDIC holds of \$1,200,000,000 is likewise invested in Government obligations, so that while it is a separate corporation it is the Government by its obligations that makes up the fund at the present time.

Mr. SPENCE. A private corporation may also invest its reserves in Government obligations, so I do not think that is pertinent at all.

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

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

Mr. GROSS. May I ask the gentleman from New York where the banks get their money? The gentleman says the banks are paying premiums, but where do the banks get the money?

Mr. MULTER. They use the depositors' money and charge the depositor a service charge.

Mr. GROSS. That is right.

Mr. SPENCE. There are other provisions of the bill which I have not discussed. The provisions I have mentioned are the salient features of the legislation. I think by reason of the splendid administration of the Federal Deposit Insurance Corporation during its 16 years of existence we can confidently expect a wise and conservative management of its affairs in the future.

Mr. WOLCOTT. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, I believe this to be a very desirable bill. The committee amendments to the bill should be adopted and the bill should be passed in that form.

You recall that the Federal Deposit Insurance Act was originally passed back in 1933. When it was first set up, as a compromise only \$2,500 of the depositor's money was insured. The bill that was originally introduced asked for a coverage of \$10,000.

At that time there were certain interests against Federal deposit insurance and the divorcement of investment affiliates from the banks. Those interests had given the President and the Secretary of the Treasury an ultimatum that if those two bills were passed then a refunding operation of about \$600,000,000, as I recall, which was due in June 1933, would not be bought. So there was much opposition not only from some of the interests but from those high in Government to Federal deposit insurance.

The then chairman of the House Committee on Banking and Currency, our very esteemed late friend, Henry Steagall, literally pushed the bill through the House with an overwhelming majority, as did our esteemed friend, the Senator from Michigan [Mr. VANDENBERG].

There was a compromise of \$2,500 coverage. Later that was increased to \$5,000. Now this bill seeks to increase the coverage to \$10,000, to put it where it would have been had the original bill been enacted.

There are a good many reasons why this coverage should be increased to \$10,000, but those of you who represent small banks should be peculiarly interested in the increase of this coverage from \$5,000 to \$10,000.

There are thousands of communities in the United States, very small communities, which can support only one relatively small bank. Any depositor in that community may have his funds insured in that bank up to \$5,000. If he has more than \$5,000, then it is usually taken to a city bank and deposited there. Thus the city bank gets the benefit of that deposit. Under the provisions of this bill that country bank will be put in a position where it will accept the deposit and the FDIC will insure the deposit up to \$10,000. So, although there perhaps will not be twice as much money available in the small country banks for lending purposes, nevertheless there will be a great deal more money available in the small country banks for loaning in those communities. In so many instances we know that the life of the community revolves around the bank and the progress which that community makes is a direct result of the lending policy of the small bank, and its ability to make loans to its customers. So that, to me, is one of the most cogent reasons why that particular part of the bill should be enacted.

The House committee has also provided that the Federal Deposit Insurance Corporation might examine these banks without having to get the approval of the Federal Reserve Board in the case of member banks, other than national banks, and the consent of the Comptroller of the Currency in the case of the national banks. It is thought desirable to allow the insuring agency when it feels that a bank needs examination to determine whether there is danger of the bank closing to bolster up the reputation of the bank in the community in the case that there were rumors in the community that the bank was not sound. So it works as a stabilizing influence in all communities, and the examination made by the FDIC will be for the double purpose of assuring the depositors and the borrowers in the community that the bank is sound or to determine if it is unsound what might be required to make the bank sound. They are authorized to go in before the bank fails, and bolster up the bank and prevent its failure. So it adds another advantage to the FDIC assurance against bank runs and bank failures, which we have not had heretofore.

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

Mr. WOLCOTT. I yield.

Mr. CRAWFORD. Does this right which is now extended to the FDIC to make the inspection carry with it the meaning that the FDIC will make annual or semiannual or quarterly audits or only exercise that right when it thinks it is necessary?

Mr. WOLCOTT. The latter is true—only when it thinks it is necessary because of something found in the examinations made by the Federal Reserve or the State bank examiners or the Comptroller of the Currency or because of rumors which they have heard locally coming to them from local interests in respect to the bank's condition. I think we have been given more than reasonable assurance that there will be no more duplication of examination in the future if this bill is passed, than there has been in the past for the very reason that, of course, up to the present time, in so many instances the FDIC has taken the Federal Reserve examination and the Comptroller's examination, and in many instances the State examination. So we do not expect, and as a matter of fact we have been given more than reasonable assurance, that there will be no effort on the part of FDIC to duplicate any of the effort in the examining field of the State agencies, the Comptroller of the Currency, and the Federal Reserve. But they do seek the right to go in in those cases where they think a bank is in a little trouble and where they think that their examination should determine whether the bank should be closed or whether it should continue to operate under its present policy, or whether it needs a little additional capital or perhaps a little guidance that they might give it to bolster it and renew the confidence which the people in the community have.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. Wolcott] has expired.

Mr. WOLCOTT. Mr. Chairman, I yield myself five additional minutes.

Mr. CRAWFORD. It seems to me the committee has acted wisely, in that they have followed the fundamental principle in insurance, that the insurer should have the right to come in and inspect that which it is insuring at any time it deems advisable. If I understand the gentleman correctly, that is exactly what you have done.

Mr. WOLCOTT. That is exactly it, and that is the attitude taken by the committee.

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

Mr. WOLCOTT. I yield.

Mr. REES. Do I understand that the FDIC uses the examinations that are conducted under the Comptroller of the Currency?

Mr. WOLCOTT. Yes, largely; and the Federal Reserve.

Mr. REES. That is, the examiner for the Comptroller of the Currency examines a bank and furnishes the FDIC with a report, and the FDIC uses that report; is that correct, as its own examination?

Mr. WOLCOTT. That is correct. If, however, they are not satisfied with the Comptroller's report or the report of the Federal Reserve, then heretofore they have asked permission of the Federal Reserve, in the case of a member bank, or the Comptroller's office in the case of a national bank, to go in and examine further. But they would have to get the approval of one or the other of the agencies before doing it.

Mr. REES. The amount of guaranteed deposit is comparatively small with respect to the amount guaranteed, is it not? That is, a very small percent of the amount guaranteed? Will that be increased by reason of this \$10,000 increase?

Mr. WOLCOTT. As I understand it, a little more than 1 percent of the depositors and deposits will be the increase.

Mr. FULTON. Mr. Chairman, will the gentleman yield? It is 48.8 to 56.5 increase.

Mr. WOLCOTT. Oh, it is ninety-some.

Mr. FULTON. It is 48.8 to 56.5 in amount of deposits.

Mr. WOLCOTT. That is in numbers.

Mr. FULTON. No, that is in amount.

Mr. REES. This applies only to individual funds, does it not?

Mr. WOLCOTT. It applies to all funds of all depositors. It applies to the Government funds that are on deposit.

Mr. REES. Does it apply to city funds? A municipal account?

Mr. WOLCOTT. It applies to city funds and Federal Government funds which are now secured by collateral.

Mr. REES. Then, if a city has a deposit of \$10,000, or less, it will not be required to put up any other bonds to secure that deposit. Is that correct?

Mr. WOLCOTT. Well, it may have to, but so far as the city is concerned, it would be insured against loss up to \$10,000.

Mr. REES. I do not want to press the matter, but what is meant by the thought that they may have to?

Mr. WOLCOTT. Because in many instances the State law provides that a bank must put up collateral to secure the deposit of a municipal depositor. This bill will not in any way interfere with the statutory provisions which now require banks to put up collateral to secure municipal deposits.

Mr. REES. In other words, even though it is under FDIC guaranty, it still must comply with the State law if there is one that requires the deposit of municipal bonds or Government bonds to pay that deposit.

Mr. WOLCOTT. That is right. The FDIC is in addition to the security which they get from having to place the collateral for the payment of money upon demand.

Mr. REES. I thank the gentleman.

Mr. WOLCOTT. There is over \$4,000,000,000 available against losses at the present time. There is something over a billion dollars in the insurance fund; and then, under the law, when that has been exhausted and there is need for it, the FDIC can call upon the Treasury for an additional \$3,000,000,000.

Mr. REES. Mr. Chairman, will the gentleman permit one further question at that point?

Mr. WOLCOTT. I yield.

Mr. REES. How much money as of the present date is guaranteed in deposits?

Mr. WOLCOTT. I do not know. It is in the report somewhere.

Mr. REES. I think the report shows.

Mr. WOLCOTT. The deposits are \$156,800,000,000.

Mr. REES. How much more will be guaranteed under this bill?

Mr. WOLCOTT. The gentleman can figure out the increase percentagewise and determine it.

Mr. FULTON. The \$156,800,000,000 is not correct. That is the total amount of deposits in insured institutions, but not the amount guaranteed.

Mr. WOLCOTT. It is there in the report; I do not know where it is, but it is there.

Mr. FULTON. That is not the correct amount insured.

Mr. WOLCOTT. I have not the figures in my mind. If the gentleman will consult with the Clerk and the chairman, they can tell him. What I have in mind is another point I want to make here, and I do not want to cover things which are in the report which I will refer to later on if I have to. I want to bring out the fact that there is criticism of this increase to \$10,000 by reason of the fact that the fund is not large enough. Nobody knows exactly what fund is large enough, but for ordinary cases it is too large at the present time. Nobody can say whether one billion is large enough or two billion is large enough; so we keep this cushion of \$3,000,000,000 in Treasury funds in here to give more assurance. And then do not forget the fact that in addition to the reserve funds which must be used first, the assets of every bank, of all Government bond holdings of every insured bank, all the real-estate holdings, all of the commercial paper, and all of the stock upon which loans have been made, all the assets of the bank, may be utilized in the liquidation of the FDIC obligation; so nobody knows exactly unless they know the total amount of all the assets of all the banks and offset that against the total amount of possible loss which, taken as 100 percent, would be covered according to actuarial figures almost in its entirety with the reserve which the FDIC now has and the \$3,000,000,000 which the Treasury will put in if it is necessary. This \$3,000,000,000 of the taxpayers' money cannot be used until the reserves of the FDIC and the assets of the bank are exhausted. If we had such a depression here in the United States as to exhaust the assets of the banks and the reserves of the FDIC, then there would not be anything in America worth having; so we do not need to worry about the ability to pay off, or we do not have to be too actuarial about these figures.

When the time comes that we have to use Treasury money to bolster this fund up, then the country will have gone so far below the safe line economically as to make the FDIC relatively inconsequential.

This has a tremendous psychological effect against runs on banks which sometimes cause a depression. It should be continued for that reason if for no other reason. A person having less than \$5,000 in a bank as of a year ago last February felt safe. At that time we had a little slump. There was no panicky feeling, no hysteria, no runs on the banks. People were not going down to the bank and saying: "Here, let me see

my money. I want my money," because if they had less than \$5,000 they knew it was insured and they could get it upon demand at any time. That prevented runs on the banks at that time which might have plunged us into a very deep depression in February 1949.

For that reason and the other reasons which have been given, this bill should be passed in the form in which it has been reported out of the committee.

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

Mr. WOLCOTT. Mr. Chairman, I yield myself three additional minutes.

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

Mr. WOLCOTT. I yield to the gentleman from Maine.

Mr. HALE. I have received a good many letters from banks complaining of the amount they have to pay by way of annual premium to the Federal Deposit Insurance Corporation. As I read section 7 of this bill it does give some relief to those banks. Am I correct about that?

Mr. WOLCOTT. The gentleman is correct. Under the formula set up in the bill, which has been covered by the chairman of the Committee on Banking and Currency, a net is arrived at after the collection has been made of the premium. The net is arrived at by deducting the operating costs of the FDIC, any expenses which they have been put to and the payment of the interest on \$289,000,000 of capital after the first year or two because under the provisions of the bill they are required to pay interest on the capital although the capital has been retired. They are going to pay the interest on that capital. But after this gets rolling and after the operating expenses, losses, and the other expenses are deducted, then they establish a net. Forty percent of that net goes into the reserves. We will be constantly increasing the reserves from year to year. Sixty percent is returned to the banks on a pro rata basis as a dividend.

It is estimated that in practice and in effect if the Corporation is enabled to continue with as few losses as it has had, the net result of this formula will be a decrease in premium payments from the present one-twelfth of 1 percent to approximately one-twenty-fourth of 1 percent.

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

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

Mr. CRAWFORD. The answer to the question propounded of the gentleman from Michigan [Mr. WOLCOTT] is found on page 4 in this language:

By December 31, 1949, the insurance fund of the Corporation had increased to \$1,203,942,687, representing 1.595 percent of the estimated insured deposits on that date of \$75,500,000,000.

Mr. WOLCOTT. Yes. I call the attention of the gentleman from Pennsylvania [Mr. FULTON] to that language which I think answers his question.

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

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from Georgia [Mr. BROWN].

Mr. BROWN of Georgia. Mr. Chairman, I want to pay a just tribute to the officials of FDIC. I know of no agency now or in the history of government that has done a better job than the FDIC. It started out in 1935 from scratch without a dime. It borrowed \$289,000,000 from the Treasury and from the Federal Reserve banks. Throughout the 16 years of operation it has paid back the \$289,000,000. The Corporation has only lost \$26,000,000, and it has set up as a reserve the large sum of \$1,200,000,000. That is remarkable. And, for the last 6 years not an insured bank in the United States has failed.

In a Boston paper the other day there appeared a nice compliment to this agency stating that the present President of the United States is the only man who occupied the White House for as long as 4 years without a bank failure since the year 1867.

Who is it that does not have confidence in the officials of FDIC? I do not know of more than 12 or 15 men in the United States out of the 150,000,000 who are against the FDIC now. We have made four essential changes in this law.

One is the coverage from \$5,000 to \$10,000.

The second gives the right to the FDIC to make examinations to determine its risk.

The third is a formula relative to reduction of premium which is just, equitable, and sound.

The fourth gives the Corporation permission to erect a building.

The increase from \$5,000 to \$10,000 coverage helps the little banks of the country. They can keep the money there instead of sending it far away. It gives more security to the economy of the locality. Nobody is against that. Representatives of large and small banks in this country have testified they were for it.

We do not change the law in collecting the assessment. The Corporation collects one-twelfth of 1 percent, amounting to \$120,000,000 a year from the banks of this country. They invest the money in Government securities and realize \$25,000,000 a year in addition. The formula is this: Bear in mind that is \$120,000,000 plus \$25,000,000. Out of the \$120,000,000 which the Corporation collects from the banks of this country, after the operating expenses for the year are paid and all losses paid, if any, then it sets aside 60 percent of the balance as a credit for the following year's premium to be deducted from the one-twelfth of 1 percent due, and the balance is carried to the reserve. With about \$50,000,000 to add to the reserve, it still has the \$25,000,000 or more obtained as interest on the funds, making the total amount approximately \$75,000,000 annually to add to the reserve fund.

Who pays this money? The Government does not pay a dime, and the taxpayers do not pay a dime. The banks pay it all.

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

Mr. BROWN of Georgia. I yield to the gentleman from New York.

Mr. KEATING. Do I understand that the net effect of this change in the method of assessment, which is a little bit complicated, would probably be approximately that a banking institution would pay only about 40 percent of what it is now paying in the way of assessments?

Mr. BROWN of Georgia. Let me explain it this way. The FDIC collects at the present time \$120,000,000 from the banks. The operating expenses for this year are around \$6,000,000. It is \$6,000,000 subtracted from \$120,000,000. Then you have 60 percent of that which would be in reserve next year as a credit, and 40 percent goes into the fund to pay losses hereafter.

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Georgia. I yield.

Mr. BROWN of Ohio. The gentleman has been making a very splendid statement, in which he has been explaining how this fund operates. The facts are, of course, that the depositors who receive the benefit of this insurance in effect pay for the insurance through fees the banks receive or the interest that is derived on the deposits that the banks earn on the money deposited, so that in effect the depositors who are protected by this legislation are actually paying for their own insurance, and there is no reason why they should be charged a higher insurance rate than is necessary to protect the fund and to insure these funds.

Mr. BROWN of Georgia. There is not a bank in the United States that opposes this bill.

Mr. BROWN of Ohio. No, every bank is for it.

Mr. BROWN of Georgia. Eighteen witnesses appeared before our committee, and only one or two opposed one or two sections of the bill.

Mr. BROWN of Ohio. As I understand it, practically every depositor in these banks wants this protection. The depositors, of course, are paying the costs in the end, and they are entitled to the insurance for which they pay.

Mr. BROWN of Georgia. Another thing I might say is that the Government makes money out of this, because when a bank makes its return for taxes it gets a credit or deduction of the one-twelfth of 1 percent it paid to the FDIC. If the bank receives the credit of 60 percent, then it has to pay the taxes on that, which amounts to a little over \$25,000,000 a year. Under the present law, the Government does not receive any part of the one-twelfth of 1 percent for taxes.

Mr. BROWN of Ohio. That becomes an earning instead of a debit item?

This insurance is primarily for the benefit of the depositors of the Nation, not for the benefit of the banks. The depositors really benefit by this legislation.

Mr. BROWN of Georgia. There are a lot of banks in this country that would not join the Federal Reserve if they were not required to under the law. The State banks that belong to the Federal Reserve have to pay this assessment. All national banks have to pay it, but State banks who are not members of the

Federal Reserve may elect to take FDIC protection.

Mr. BROWN of Ohio. I have heard some people argue in opposition to this bill that this is primarily a bankers' bill. It is not a bankers' bill, it is a depositors' bill.

Mr. BROWN of Georgia. I have heard the statement that we are subsidizing the banks of the country. This is certainly a misstatement. Who pays the money? The banks pay it. Not a dime is paid by the taxpayers or the Government. A large part of the money comes from the larger banks of this country to help the little banks. Hon. Lee Wiggins, of South Carolina, a former Under Secretary of the Treasury, and who represents three little banks in the State that adjoins mine, is the author of this formula. He was successful in getting the large and small banks and the depositors together, and I am glad he was successful in getting something satisfactory to all concerned.

Mr. BROWN of Ohio. But the gentleman will agree that the real beneficiaries are not the banks but the depositors of the Nation.

Mr. BROWN of Georgia. Of course it is the depositors, absolutely the depositors altogether. The money is paid by the banks.

I am one of the first men who ever advocated this kind of legislation, in 1924.

I have helped lead the fight ever since then. My people and the banks in my town and State are anxious for this bill to become law.

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

Mr. BROWN of Georgia. I yield.

Mr. STEED. I am highly in favor of this legislation and appreciate the gentleman's statement. Is it not true that the \$10,000 guaranty on bank deposits now is somewhat equivalent to the \$5,000 guaranty at the time that the \$5,000 guaranty was originally made?

Mr. BROWN of Georgia. I am inclined to agree with you. With reference to the building, the building cannot cost more than \$15,000,000, and it cannot be built until the President O. K.'s it. Why should they have a building? Because they are paying today more than \$200,000 a year in rent. It is good business sense to have a building of their own. It means money to the taxpayers of this country if they can select a good place here or somewhere else.

With reference to this matter of making examinations. I say that these people ought to have the right, without getting written permission from the Federal Reserve or the Comptroller of the Currency. They are the people who must pay the loss and should know what their risk is. When they go into a bank now and find that the bank is weak they have a right to set up some arrangement with another bank or merge it with another bank. It is because of the diligence of these FDIC officials that we have not had an insured bank failure in the last 6 years. The Federal Reserve has a right to make examinations of the national banks, but I understand they never do. Then why should not the FDIC have the right to go and investigate if they want to? The Comptroller of the Currency is a member of the Board of the

FDIC. Naturally the FDIC will accept their report without making any undue investigation. Of course, the FDIC wants to save all the money it can. Not a dime comes out of the banks when FDIC makes the examination. They pay in full for the examination themselves. So there is nothing to be alarmed about. There may be four or five little banks in the United States that are alarmed because they think FDIC might make extravagant examinations. But every dime comes out of the FDIC fund and they will not make many examinations, as was so well said by my distinguished colleague, the gentleman from Michigan [Mr. Wolcott].

Mr. GAMBLE. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. KUNKEL].

Mr. KUNKEL. Mr. Chairman, I am in favor of this legislation with one or two exceptions, with respect to which I think the bill might well be amended.

Mr. Chairman, I ask unanimous consent to proceed out of order.

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

There was no objection.

Mr. KUNKEL. Mr. Chairman, I take this opportunity to call attention to one serious omission in the President's message this morning. No one was more anxious than I was to get rid of price control and rationing; but not to take steps at this time to provide at least stand-by controls for rationing in my judgment is a serious mistake. One of the troubles we had during the last war, and one of the reasons for high prices and for enforcement difficulties was the fact that price control was instituted long before rationing. When you have price control without rationing, there is no restriction whatever on the demand for the article. Even the ordinary deterrent of the increased price is removed. Consequently, it promotes scarcity which, as time goes on, becomes less and less possible to cure.

In my judgment, it would be a great mistake if we did not impose rationing prior to price control, or at least coincidentally with price control, if we are to drift into a period of shortages. Price control is somewhat popular. People like to buy at a low price. Rationing is unpopular, because people like to buy all they want to buy at a low price. But you must have rationing, if price control is to be workable. It is more basic than price control in any effort to stabilize an economy of scarcity.

Another thought along the same line, running back to the time when we passed the first price control legislation during the last war: If prices are once allowed to become dislocated, and then you attempt to impose selective controls in certain commodities, you can never catch up to the dislocations. Ten new ones arise while you are trying to cure one old one. If you are going to have any price control legislation, it should freeze the price structure at a time when prices have been determined by ordinary economic causes and interactions, and not by artificial and arbitrary orders and regulations. If that is done, then you can, at least to some degree, conform to the ordinary economic pattern. You

can keep the flow of goods moving in a stream at least somewhat near to normal.

My own thought is that if rationing were installed at any time it might easily be possible to avoid price control. As soon as you do have price control you immediately restrict production, which cuts the supply, while at the same time you keep up demand by means of artificially low prices. On the other hand, rationing regulates demand.

When the President sought the power to have priorities, and also to impose allocations, he virtually admitted the force of the argument which I am now making, because allocations and priorities are merely on the wholesale scale what rationing would be on the retail scale. We have already had enough experience, even in the few days since the trouble in Korea started, to show how panicky buying and undue hoarding can exhaust stocks, and how little protection there is for the ordinary buyer who wants to order and buy if and when he needs to secure the goods. I think if you will study the history of what happened from 1942 on, when we first attempted to put price control on during the last war, and when you see the bad effect that came from not having any rationing at the outset of that period, you will agree with me that some steps should be taken to give authority for at least voluntary rationing, and some kind of stand-by authority for statutory rationing, and that the study of that subject should start very soon. Indeed, it should have started before now. We spent some months on the first price control bill passed by the Congress. I think we conducted hearings for 4 months. It is a very difficult subject to work out. If we do not work it out before the situation runs away from us, I think we can look forward to having many of the difficulties in the present price structure that we had during the last war and the immediate postwar period. Of course, any measure approved should be drawn in such a way that if the war situation should correct itself or not be as arduous as most of us fear it will be, then the President should not have the power to institute controls to an unlimited degree. But to neglect the study of this subject, and to neglect preparing the legislation which would be ready at a moment's notice to meet the trouble would, in my judgment, be repeating the serious mistakes that we made during the last war period.

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

Mr. KUNKEL. I yield.

Mr. CRAWFORD. Since the President's message of today was made public, the wires are carrying heavy messages from sales agencies and purchasing agencies all over the United States, moving in. Within the last 45 minutes I have had some of those largest buyers call me and ask me what I thought about the President's message in that respect.

Of course, the message as worded, in the absence of action taken, becomes one of the most inflationary forces that we have ever had turned loose in the United States, because people are now acting in the light of what has gone before and of their recent experiences in the last 10 years.

Mr. KUNKEL. As a matter of fact, I may say to the gentleman from Michigan, it would have been an admirable thing could we have had legislation ready which could have applied to rationing, and to allocations, and to priorities at the time the President first declared the emergency in connection with the Korean situation.

Mr. CRAWFORD. Certainly. If we can assume that the market which has covered the last 60, 90, or 120 days, is a fairly free market—I mean prior to the Korean situation—that might be the point at which the gentleman has recommended that we fix normal and start from there. But certainly if this thing which is under way since 1 o'clock this afternoon and which will gather speed, is let run for 90 days, the good Lord only knows what kind of mess we shall be in.

Mr. KUNKEL. If the situation continues, as unfortunately it looks as though it would, there never will be a time in the next year or two at which the price level and the economic adjustments in this country will be as near normal as they are today. From this point on they will become increasingly abnormal; and consequently, if and when selected controls are imposed they will cause all kinds of unsuspected dislocations as well as many which we can reasonably anticipate.

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. SHEPPARD].

Mr. SHEPPARD. Mr. Chairman, after listening to President Truman's stirring message to the Congress on the Korean situation there should be but one thought in the minds of the Members of this body. In the interest of successful prosecution of the United Nations campaign against lawless aggression and the defense of the United States, we must act at once.

President Truman has called for accelerated and increased production of essential materials, products, and services and in this time of crisis it is the duty of Congress to expedite such a program. The words "too little and too late" must never again be applied to the efforts of the United States in its battle to preserve world peace.

We should consider at once the President's recommendation that—

First. The Congress should authorize, for national defense purposes, production loan guaranties and loans to increase production.

Second. The Congress should authorize the making of long-term contracts and other means to encourage the production of certain materials in short supply.

Mention of the words "materials in short supply" brings vividly to mind this country's steel supply. If we are to meet this Nation's extremely heavy military needs without serious disruption of the economy, as President Truman requested, there is no denying that our present steel capacity is definitely inadequate. Expansion, particularly decentralized expansion, is needed at once.

An appeal for expanded steel facilities is not a new topic with me. I have pointed out upon previous occasions that the United States was lagging in steel pro-

duction. Only last month I urged Henry J. Kaiser to expand his Fontana, Calif., steel plant in the interest of national defense and national economy.

I am happy to say that Mr. Kaiser has met my challenge. He already has filed with the National Security Resources Board and the Munitions Board a plan for expanding the ingot capacity of the Fontana plant from 1,200,000 tons a year to 1,900,000 tons. The cost would be approximately \$100,000,000, and Mr. Kaiser has assured me that steel could be pouring from these new facilities in a matter of months. Recalling Mr. Kaiser's tremendous and unparalleled production record of World War II, I am sure that my colleagues will agree this is no idle boast.

It is men like Mr. Kaiser to whom Congress must turn when the country needs production and needs it in a hurry. It is men like Mr. Kaiser who must be encouraged by Congress if we are to avoid another too-little-and-too-late situation.

Expansion of the Fontana steel plant is essential because of its strategic location which enables it to—

First. Provide steel where it may be most needed—both for protecting the public from being cut off from essential civilian steel supplies and for the prosecution of military defenses.

Second. Assure independent iron-ore supply far away from the vulnerable eastern sources dependent on the Sault Ste. Marie lock bottleneck. Fontana iron ore is hauled 52 miles over a privately owned railroad and only 112 miles on a common carrier.

Third. Require minimum transportation for assembly of raw materials and distribution of finished and semifinished steel products to fabricators.

Fourth. Protect the western United States from the danger of its rail- and water-transportation routes being cut off by hostile war action. The expanded facilities would provide both essential basic materials and finished steel where they would be required by our Pacific defense forces and essential civilian workers, not only eliminating drain on transportation facilities, but lessening the peril of interruptions in long-haul transportation.

To give industry in general the support it needs in this national defense effort, Congress should consider immediately a program of accelerated amortization similar to that in effect during the last war. This should permit a company, upon obtaining an appropriate certificate of necessity from an agency such as the National Security Resources Board, to increase its plant capacity and write off the cost over a 5-year period. I know that there are many Members of the House and the Senate who favor this method as an incentive to industry to expand. I believe it is imperative that we give it consideration as rapidly as possible.

Steel plants cannot be built in a day. We waited too long in the last war before expending steel capacity. Let us not make that same mistake again.

Mr. BROWN of Georgia. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. ECHANAN].

Mr. BUCHANAN. Mr. Chairman, the bill S. 2822 before us today has as its principal advantage to depositors under the pending bill the provisions which raise the maximum insurance coverage from \$5,000 to \$10,000.

Insured banks will benefit from two provisions of the bill: The first would simplify present procedures for computing the assessment base, while the second would provide for a substantial reduction in the cost of insurance to the banks in normal years.

During its more than 16 years of existence the Federal Deposit Insurance Corporation has paid out about \$316,261,289 to protect about 1,350,000 depositors in some 412 insured banks that have encountered difficulty. Bringing that down specifically to the State of Pennsylvania during this period, some 158,000 depositors in 24 insured banks in the State of Pennsylvania have had their funds protected by the advance of about \$56,746,000 in Federal Deposit Insurance Corporation Funds. Further breaking the situation down in the particular State of which I am a Representative, the accounts in the insured banks in Pennsylvania as of the present time are some 8,730,000 in number. The accounts fully insured under the \$5,000 maximum at the present time aggregate about 8,416,000. Under this increased coverage plan it would increase the number of accounts insured to about 8,621,000.

As to the total deposits, the total amount of deposits in all insured banks in the State of Pennsylvania aggregates about \$10,899,000,000; and the insured deposits under the \$5,000 maximum covers about \$5,620,000,000; and under the \$10,000 maximum it will be increased to some \$6,481,000,000. The present maximum insurance coverage of \$5,000 covers more than 99,000,000 deposit accounts in the insured banks throughout the Nation. The percentage of these total accounts at the present time is about 95.7 percent, which will increase the number then of total accounts covered to some 98.6 percent.

The total dollar deposits covered in the Nation today aggregate about 48.3 percent of the total amount of money on deposit, or approximately \$76,500,000,000. It will move that figure up to some 56.5 percent, or an approximate amount of \$88,500,000,000, an increase of some \$12,000,000,000 in the total dollar deposits covered.

The principal changes in the existing law are some five in number. The report of the committee staff and the committee on page 5 of the report very capably points these changes out. The first of which I have cited is this increase in the insurance coverage. The second is the simplification in the computation of the assessment base. The third is the reduction in the years in which the Corporation does not encounter any undue loss in the case of deposit insurance to the banks by making provision for a credit to them of a percentage of the net assessment paid each year. Fourth, in this bill by amendment we cover the expansion of examination authority to enable the Corporation to examine any insured bank or any bank seeking insurance and fifth, and finally, the payment to the Treasury of interest of 2 percent

on capital funds originally provided by the Treasury and the Federal Reserve Bank.

There are other minor changes, of course, of a less important nature, many of which are rather technical and repeal certain obsolete sections of the existing law. I do not want to take any further time of the Committee of the Whole. In the reading of the bill for amendment when the problem comes up we will be able to present the entire picture so far as the bill is concerned.

There have been some erroneous impressions about who the benefits of this bill will accrue to. However, the committee report has duly covered that. In the final reporting of the bill I may say there was no record vote, which would indicate also there was no record vote of opposition to its final reporting. There were differences on some of the amendments, but these were agreed to by approximately a 2 to 1 margin.

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

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

Mr. FULTON. I want to compliment the gentleman on his factual statement. What is the benefit to be gained by having a premium paid of 100 cents on the dollar each year, then having 60 percent given back? Why not just have the 40 percent paid in originally and only call for the 60 percent when it is needed?

Mr. BUCHANAN. The premium is divided in that fashion, of course, under the terms of the bill, 60 percent accruing to a reserve account and 40 percent to the banks, with certain added provisions.

Mr. FULTON. Why could they not calculate the expenses of the FDIC for a year, call on the banks for a 40-percent premium payment for reserves, and let it be known it is a contingent liability of the banks in the future, and not have them pay it in each year?

Mr. BUCHANAN. Well, in 1949 the net income of corporation holdings of securities in that year amounted to some \$25,122,803, and there is at present a reserve fund of about \$1,200,000,000. That is rather adequate to take care of any losses that might occur. The object, of course, is not to build that reserve fund to too large a proportion. When you are draining off too much you are probably draining it off of some of the small banks of the country rather than the larger banks. This would largely aid the smaller banks when they are insured up to \$10,000 and make more money available for loans and credit advances to the businesses in that particular area.

Mr. FULTON. Does not the gentleman think that by moving further towards the guaranteeing of all bank deposits by an agency of the Government we are then getting to the point where we might have all the bank deposits guaranteed, and that the Government will then set the policies for the banks in their local operations?

Mr. BUCHANAN. No; I do not feel that way. I have no fears about that at all because the present system is operating in a fashion which, as I have stated here from the percentage figures, a large number of the accounts are now covered, almost 95.5 percent, and this will

increase a few percentage points of the total number covered. But, of the total dollar deposits covered there is still adequate leeway there, so I have no fears about Government restraint or controls being exercised through the FDIC.

Mr. FULTON. May I have the gentleman's comments on the operation of this reserve fund of \$1,200,000,000? That is invested in Government obligations, is it?

Mr. BUCHANAN. That is right.

Mr. FULTON. Suppose that a depression occurs or there are bank failures enough so that we have to call on that reserve for paying the bank depositors, what would happen? Is it not a fact that all we do is to dip into the general funds of the Treasury and come up with enough money in order to pay the bank losses?

Mr. BUCHANAN. Well, we have built rather rigid supports in our economy today on a sound basis, and if the occasion that the gentleman refers to should occur, I am sure that the fund supports that we have constructed will be re-enacted and make for a safer banking system. I believe the policy, in general, over the last 15 years, is indicative of that trend.

Mr. FULTON. May I ask the gentleman this question? Where will the funds come from to pay out the bank losses when the reserve fund is invested in Government bonds?

Mr. BUCHANAN. Well, of course, that is a situation that we will meet when that time comes.

Mr. FULTON. Will that not have to be by a general appropriation out of the Treasury of the United States, because after all they are just obligations of the United States?

Mr. BUCHANAN. If that is the wish of the Congress at that time, that will possibly be the way in which it will be handled.

Mr. FULTON. There are certainly some of us questioning the policy of the bill.

Mr. BUCHANAN. Yes, some of the provisions of the bill, but as to the entire bill I do not know of any objections. There may be some.

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

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

Mr. MULTER. Any bonds that are issued by the United States Government are obligations of the Government. They must be paid by calls upon the United States Treasury. That is why the bonds are issued by the United States Government now.

Mr. BUCHANAN. I include the following statements:

S. 2822

Section 17, pages 52-45—Audit by General Accounting Office: This section authorizes the Comptroller General to make a commercial-type audit of the FDIC. A commercial-type audit is described in the attached excerpt from House Report No. 846, Seventy-eighth Congress, first session.¹

¹ This excerpt was included in the reports of both House and Senate committees which considered the Government Corporation Control Act.

See Rept. No. 856, House of Representatives, 79th Cong., 1st sess., pp. 95-96; Rept. No. 694, Senate, 79th Cong., 1st sess., pp. 8-9.

The language in this section was worked out between the Comptroller General and the Federal Deposit Insurance Corporation after careful study, and should not be changed without full knowledge as to what effect any such change would have.

The provisions for a commercial audit of the FDIC should be set forth in the FDIC law as it is here and should not be contained in the Government Corporation Control Act or any other such omnibus measure, since the FDIC has little, if anything, in common with Government corporations and other agencies which would be included in such an act. The audit provisions of this bill have been designed to fit the particular needs and operations of the Corporation.

IV. DIFFERENCES BETWEEN GOVERNMENTAL AND COMMERCIAL TYPES OF AUDIT

(Excerpts from H. Rept. No. 846, 78th Cong., 1st sess.)

(This statement is incorporated in both Senate and House committee reports on the Government Corporation Control Act.)

In general the purpose of the governmental type of audit is to determine the validity of expenditures under appropriations made by the Congress in the light of restrictions and limitations placed by the Congress generally upon the expenditure of appropriated moneys. It is a part of a system designed to enforce the personal accountability of governmental officers authorizing or expending those funds upon the basis of documents and records usually submitted to the General Accounting Office and retained in its custody. In contrast, the commercial type of audit is separate and apart from the accounting system and internal financial control of the Corporation and is designed to determine the true financial condition of the Corporation as of a given date and the results of its financial operations during the period covered by the audit, as well as establishing whether the funds of the Corporation have been regularly expended in accordance with corporate authorization. These determinations are made by detailed examination of the operating and financial records of the Corporation at the places where they are being used in the conduct of corporate business.

The fundamental difference between the two types of audit and the inadequacy of the governmental type of audit as applied to capital-fund operations of the Corporation may be more clearly seen from a comparison of the procedures involved.

The governmental type of audit generally involves the following seven steps:

1. The fixing of the amount for which the disbursing officer is accountable under his bonded responsibility by reason of the advance of funds under particular appropriations upon accountable warrants and by reason of collections received by him;

2. The submission by the designated disbursing officer to the General Accounting Office for audit and settlement of an account supported by certified vouchers and by other original papers evidencing specific payments which he has made from the particular funds charged to him;

3. The examination by the General Accounting Office of these vouchers and other original supporting papers to determine whether the payments covered thereby were properly authorized and whether the expenditures represent valid obligations of the Government under the specific appropriation sought to be charged;

4. The settlement by the General Accounting Office of the disbursing officer's account and the determination of his liability to the United States;

5. The determination of the liability to the United States of the officer certifying for

payment the items included in the disbursing officer's account;

6. The preparation and issuance of certificates of settlement incorporating all unexplained or unadjusted differences developed in the examinations of the accounts; and

7. The institution of collection proceedings if the accountable officer fails to pay over any balances found due from him in the settlement.

COMMERCIAL-TYPE AUDIT

The commercial type of audit ordinarily made of large business corporations usually involves the following seven steps:

1. The establishment of the authorities of the various officers and employees by reference to the original articles of incorporation, bylaws, minutes of the board of directors, and other official authorizations taken in the name of the corporation;

2. The verification, through appropriate checks, of the original general and subsidiary ledgers by comparison of original collection and disbursement documents with such ledgers and, in connection with this, the determination that all actions reviewed are properly authorized;

3. The verification from the original accounting records and supporting documents of the accuracy of all items appearing on the balance sheet, including verification of all cash on hand and in banks, and when needed, positive establishment of the existence of assets by physical inventory methods or through inquiries addressed to debtors and the determination of actual liabilities through inquiries addressed to creditors;

4. The review and establishment of the accuracy of any operating statements to determine that they clearly indicate the financial progress of the corporation during the period covered by the audit, including proper reflection of any profits made or losses suffered;

5. Determination, in light of the actions by the board of directors and any changes in the policies of the corporation, that proper records are established and necessary safeguards developed correctly to reflect the financial operations of the corporation and to protect the corporation from financial loss which can be prevented by proper and adequate records and procedures;

6. The preparation of a report covering the audit, including certified financial statements and comments deemed appropriate by the auditor, such as recommendations for changes in the accounting procedure and records, errors still uncorrected at the completion of the audit, analysis of facts brought out in the financial statements, and the submission of such a report to the officials ordering the audit; and

7. The institution of corrective action by the corporate management.

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

Mr. GAMBLE. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. TALLE].

Mr. TALLE. Mr. Chairman, I urge my colleagues on both sides of the aisle to support the pending legislation, S. 2822. It is a good bill. It will strengthen our Nation's banking system. Depositors and bankers alike endorse the measure. Depositors will benefit principally from the added protection in the provision raising the maximum insurance coverage from \$5,000 to \$10,000. Insured banks will benefit because of the simplified procedure for computing assessment bases and because of the substantial reduction in the cost of the insurance in normal years.

As a member of the Banking and Currency Committee, I was pleased last March to read an editorial in the Des Moines Register and Tribune paying deserved tribute to the Federal Deposit Insurance Corporation. FDIC is one Government agency that has consistently been well managed. It has never been the object of partisan political attacks. The editorial states:

FDIC HAS BEEN A COMPLETE SUCCESS

In the dark days of 1933 a new alphabet agency of the Federal Government was added to the dozens blooming in the first spring of the New Deal in Washington. This particular one—embodied in legislation sponsored by Michigan's Republican Senator, ARTHUR H. VANDENBERG—was FDIC (for Federal Deposit Insurance Corporation).

The idea made sense to men and women who had seen bank doors locked and their savings dwindle to nothing a few months before. Under FDIC, the Government guaranteed every depositor's account up to \$5,000. Confidence returned to the Nation and the Federal Deposit Insurance Corporation continued to reinforce the integrity of banking and savings institutions. Its record, brought into review this week as the Senate passed a bill broadening its coverage, is a cheering Government success story and a happy note of national prosperity.

Every cent of the \$239,000,000 advanced by the Treasury to start FDIC has been repaid. Last year it operated at a profit of \$138,091,786, giving it a surplus, or reserve fund, of \$1,203,942,687.

The new Senate bill, which the House is expected to approve, would extend the coverage on individual bank deposits from \$5,000 to \$10,000 and, at the same time, cut the insurance premium—paid by the banks—by about one-half.

The \$5,000 guaranty covered about 96 percent of all bank accounts. The increased protection will bring the coverage up to 98.4 percent of all deposits.

The FDIC cannot prevent bank failures. There have been from one to four a year since 1933. But every depositor has been paid in full up to the first \$5,000 of his account. In 1948 this amounted to only \$400,000.

The depression baby has grown up to be a quiet, thrifty, and successful member of the Federal family.

Mr. Chairman, as I pointed out in the committee hearings on this bill, the FDIC has been a good buttress to bank management. Students of banking agree that the most important single cause of bank failures is bad management. In other words, sound banking is predicated on good management. It was this thought I had in mind several years ago when, on the occasion of the Iowa Centennial, I commended the pioneers who were responsible for the establishment and operation of the original State Bank of Iowa. My words on that occasion apply equally to the men who have administered the FDIC so ably during the 16 years of its existence, for they, too, have helped to lift the banking fraternity to a high and honorable place in society. I join with the gentleman from Georgia [Mr. BROWN] in expressing admiration for the management of the FDIC.

It is obvious, Mr. Chairman, why depositors are eager to receive the protection afforded by Federal deposit insurance. But the fact that this insurance is also popular with banks, both large and small, is a tribute to the splendid administration of the Corporation. E. E.

Manuel, of George, Iowa, former President of the Independent Bankers Association, had this to say about FDIC in a recent letter to Chairman Maple Harl:

We independent bankers are surely grateful for the recognition given us by the Federal Deposit Insurance Corporation. We have a feeling that your organization is going down the line fighting for us.

Yes; the FDIC has had a stabilizing effect on American banking. And American banking is one of the most unique institutions in our economic machinery. The unusual character of our banking system was well described in a recent address by another outstanding Iowa banker, J. F. Kennedy, of New Hampton, president of the Iowa Bankers Association, as follows:

I suppose the principal reason that American banking differs from banking in other lands lies in the fact that our system reaches right down to the little people—the workingman, the farmer, the small-business man. Let's keep it that way.

It is this development of American banking to include all segments of our society that is significant. And my interest in the pending bill is based on my firm conviction that the benefits of deposit insurance should be made available to increased numbers of depositors. Insuring bank deposits is not a new idea, but experience has proved that such operations should not be conducted on a local basis. Spreading the risk is a vital principle in insurance. Back in 1829 the State of New York set up a safety fund; it failed because it was confined to one State. In more recent years other States, particularly in the Middle West, have tried similar experiments. They, too, failed because, first, the principle of spreading the risk cannot operate successfully in the limited confines of a single State; and, second, because the banking laws in those particular States were loose. I want to emphasize that these failures do not disprove the validity of the idea of deposit insurance; but they do establish that the risk should be spread through a Nation-wide system.

Mr. Chairman, S. 2822 will benefit both depositors and bankers. By its enactment, the safety and liquidity of bank deposits throughout the land will be assured, and the American banking system will thereby be strengthened from top to bottom. This legislation deserves the full support of every Member in this Chamber.

Mr. SPENCE. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Chairman, the bill we are now considering represents the conscientious bipartisan effort of the Committee on Banking and Currency. Under the leadership of our distinguished chairman, the gentleman from Kentucky, I think, by and large, they have done an excellent piece of work in strengthening the Federal deposit-insurance law. They were assisted in their work by the directors and staff of the Federal Deposit Insurance Corporation under the guidance of their able Chairman, the Honorable Maple T. Harl. The Corporation and its efficient staff have received unanimous praise from

every source for the fine work they have done. This bill will enable them to do an even better job, provided it is improved in one respect.

The bill presently provides for a reduction in the amount to be paid by the banks for the insurance set up by this law. That, I think, is a very serious mistake at this time. The bill doubles the amount of insurance from \$5,000 to \$10,000 per account, and at the same time it cuts back the amount to be paid for that insurance by about 60 percent.

I will address myself at this time to the reasons why we should eliminate from this bill any provision for reduction in the assessments or premiums. If we do not eliminate that provision entirely, at least, we should postpone the effective date of the reductions, refunds, or credits until such time as the reserve fund is built up to at least double what it is now.

I would like to bring your minds back for a moment to the days when the Federal deposit insurance law, was written upon the statute books of our country. The very distinguished gentleman from Alabama, the late Mr. Steagall, had labored long and well over a period of 15 years prior to 1933 trying to write upon our statute books a law insuring deposits. Almost every banker in the country for 15 years vigorously opposed him. Then in 1933 those of you who were here at that time, were besieged by those very bankers demanding that the Government rush in and insure deposits and guarantee them against the losses which had been brought upon the banks and the bank depositors and stockholders by the bad judgment, yes, even by the mismanagement and folly of those same bankers. When the bill was before the House in 1933, the distinguished gentleman from Alabama, Mr. Steagall, said this:

It is submitted that the guaranty of bank deposits against loss provided by this bill is absolute and that no specific guaranty of the Government is necessary to make the protection of the depositors complete—

Meaning, as he indicated, that this was to be a deposit insurance fund built up by the banks out of bank funds to guarantee depositors against loss.

At that session of the Congress in 1933, in discussing the conference report, before final enactment of the bill, the same gentleman said:

The purpose of this bill is to promote the the public welfare and protect the interest of depositors. It rests upon the theory that banking which is not safe for depositors ought to be prohibited by law. It is intended to require common honesty in the operation of the banks of this country and to make it possible for banks to employ bank credits in support of trade and commerce in the United States.

He said further:

We lay down the proposition that banking is not the individual right of a citizen, but that when we charter an institution to engage in banking, to receive the deposits of the public, it is the duty of the law-making power of the Government to see to it that the deposits of the public are protected. Common honesty requires this, the public welfare requires it, and the future welfare of the banks requires it.

Those words bear repetition today, because there is a provision in this bill sponsored by these same bankers which, if it remains in the bill, will undermine the entire structure of Federal Deposit Insurance. I understand that when the time comes during the reading of the bill for amendment, the gentlewoman from Connecticut [Mrs. Woodhouse] will offer an amendment to strike out the provision granting to the banks 60 percent refund of the present assessments, which are used to build this insurance fund. The assessments are really premiums paid for this insurance. The fund is called upon in the event of need, to pay depositors back their own money which they have loaned to these banks, which the banks are using to earn their profits.

There is nothing wrong with the banking system and nothing wrong with that theory, provided they will adhere to the principle of this bill, and continue to build this fund until it is large enough to protect the depositors of this country against loss.

One banker who came before the committee said \$10,000 now is quite comparable to \$5,000 in 1934. I agree. If that is so, we should expect them to come in here and say, "If you are going to increase the insurance coverage from \$5,000 to \$10,000, we ought to at least pay double the premium." Not so in this bill. They say, "Let us cut it by 60 percent. Let us get double the insurance and pay only 40 percent of the premium we pay with a 50-cent dollar."

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

Mr. MULTER. I yield.

Mr. FULTON. I am interested in the independence of the banking system. You have heard me say this afternoon that the nearer we come to the control of deposits, the nearer we come to control of the banking system by the United States Government. Will the committee assure me that there is no intention that the greater the percentage of deposits guaranteed, there is then the possibility of greater control by the United States Government?

Mr. MULTER. Ordinarily it would be presumptuous for me to speak for every member of the committee. In this instance, however, I am sure I am voicing the sentiment of every member of the committee. There is not one of us who wants to see banking nationalized or socialized in this country, and that we will do nothing in this bill, or otherwise, that will lead toward nationalization of our banking system. We want it to remain as a private free enterprise system.

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

Mr. MULTER. I yield.

Mr. GAMBLE. We on this side of the aisle agree wholeheartedly in that statement the gentleman has made. None of us wants banking nationalized.

Mr. FULTON. I thank you very much. I wish to compliment the gentleman on his remarks.

Mr. MULTER. At the same time, as I warned some of the bankers who came before our committee, I said: "If the time ever comes when the banking system will have to call upon the United

States Government again to save them, and put Government money into those banks to pay their losses and pay their depositors their money, we might well find the Government taking over the banking system." And we want to stop that if we can. The way to do it is to make sure that we have a reserve fund of bankers' money and depositors' money large enough to cover any loss. No witness who has come before our committee has dared say that the reserve fund here is large enough and adequate enough to cover the possible losses. The Secretary of the Treasury is quoted in the Senate hearings as having said that barring a panic such as we had in 1930-33 the fund is sufficient. We are looking ahead to the days when we may have another panic. We hope we will never have another, but that is what we must guard against, a collapse of the good times which we have had since the existence of the FDIC, against the possibility of a panic such as we had in 1933. In that year we had \$58,000,000,000 of deposits in the country's banking system, and the losses the depositors took at that time quite apart from stockholders' losses amounted to 3.3 percent of their total deposits. If we had had an insurance fund at that time we would have needed just under \$2,000,000,000 to guarantee those losses. Today we have three times the amount of deposits in our banking system. In our insured banks alone today we have \$156,000,000,000 of deposits. If we take as our criterion what happened in 1930-33, we need at least \$6,600,000,000 to guarantee against loss. The fund today stands at \$1,200,000,000.

One banker said to our committee the fund is sufficient because they have the right to draw on the United States Treasury for \$3,000,000,000. Yes; the law says that in the event FDIC funds are exhausted it may call on the Treasury with no further authorization necessary from Congress. The mere note given by the FDIC is sufficient to borrow from the Treasury \$3,000,000,000 to save our insured banks.

I say that before the bankers are entitled to any reduction in assessments, any refund of premium, any credit of premium, call it what you will, this insurance fund should be built up at least to the \$3,000,000,000 that they have a right to borrow from our Government. The distinguished gentleman who preceded me, whose profound knowledge of economics I respect sincerely, told you of an instance many years ago when New York State had an insurance fund; he said the fund collapsed because it must be on a national scale for this kind of insurance to succeed. I differ with my good friend in his conclusion. We have had insurance systems in eight other States of the Union, systems insuring deposits: They were North Dakota, South Dakota, Texas, Mississippi, Nebraska, Washington, Oklahoma, and Kansas.

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

Mr. MULTER. I shall be pleased to.

Mr. FULTON. The gentleman mentioned the Nebraska system that has been

in effect on a State level. The gentleman will recall that the Nebraska system failed because they kept guaranteeing more and more and more of the deposits of the banks until they guaranteed all the deposits in the Nebraska banks and then the local bankers lost their sense of responsibility so they went into these various projects that were somewhat risky, feeling they had no responsibility because the Government would make good the deposits. This makes me wonder whether or not in this bill when we are about to guarantee up to 98.6 percent in number of the total deposits we are not rapidly getting to the point where we are neglecting the local responsibility of the banks and weakening the banking system as an independent agency. I wonder if the gentleman would care to answer that.

Mr. MULTER. I was about to develop that very point. I do not think the gentleman's conclusion is correct as he stated it.

Mr. FULTON. I am merely asking for information, not giving a conclusion.

Mr. MULTER. Let me develop the point. I will show you why I think that is not the reason for the failure of those State systems. Every one of those State funds fell, not because they could not call on the Nation for support but because they did not have reserves big enough to cover the losses when the time came along to pay the losses that occurred. In every instance, because they had had a period of good times for 10 or 15 years, they cut the assessments, they cut the reserves, they took credits and dividends out of the reserve fund until they did not have enough money to meet the losses when bad times struck them.

Mr. FULTON. As a matter of fact, in several of those States were there not many bankers put in jail because they did not live up to the responsibilities and went into very highly speculative obligations and lost?

Mr. MULTER. That is true. Let me call attention to the fact that we were told in committee we do not need a big reserve fund now because a lot of money is in Government bonds, money that belongs to the bank depositors; therefore there is not so much risk capital out. Everybody here knows that in the last 2 years we changed the margin requirements from no margin on stock sales to 25 percent, and now it is 50 percent. There are \$2,000,000,000 of bank loans, depositors' money, in the market today on these margin sales. You all know what happened last week. There were drops in the market of anywhere from 1 to 50 points. As soon as the bankers begin doing that kind of thing and begin making speculative loans, even though they may not go to jail, they are going to tear down this fund and tear down the reserves, then they will come down here again crying to us to save them once more. Let us save them now against themselves by building up this reserve fund.

Mr. FULTON. The gentleman does not think it will get to be the habit that they will say, "We will make the loan because it is only Government money if it is lost?"

Mr. MULTER. That is why we insist in this bill that the Federal Deposit Insurance Corporation shall have the right to go in and examine and inspect these banks whenever they deem that necessary in order to be able to stop any of those practices before they go too far.

Mr. FULTON. I thank the gentleman.

Mr. MULTER. To prove my point that it was lack of reserves and the cutting of the melon, the return and the refund of premiums, the payment of dividends out of the reserve funds, that destroyed these insurance funds on the State level, let me direct your attention to the fact that in three States today, Massachusetts, New Hampshire, and Connecticut, we have State insurance funds. They are sound and prosperous. Here is the reason: In Massachusetts the deposits are on the ratio of 12 to 1 against reserves, in New Hampshire 13½ to 1 and in Connecticut 7 to 1. This reserve fund of the FDIC is almost 150 to 1 on the basis of total deposits. It is 78 to 1 on the basis of insured deposits up to \$5,000 per single account. It will be about 90 to 1 on the basis of insured deposits up to \$10,000 per account. Until you build up this reserve fund to a better proportion, we are begging for trouble, we are in danger of not being able to support these banks in the event of difficulty.

The Federal Savings and Loan Insurance Corporation and its members are seeking no cut in their assessments or premiums. They pay the same rate of one-twelfth of 1 percent that the member banks of FDIC have been paying up to now. Their fund comparatively speaking is stronger than the FDIC fund. The ratio of their deposits to reserves is 45 to 1. Most of their money is invested in mortgages secured by the homes of our American people. Outside of Government securities they are the soundest investments ever produced in this country.

Insurance of deposits is comparable to the business of insuring credit risks and the writing of surety company bonds. No one anywhere in this country can buy credit insurance for a premium of one-twelfth of 1 percent. Yet the bankers would cut it by 60 percent.

There is not a surety company in this country that is permitted to write bonds aggregating a total potential liability of more than 2½ times their surplus and reserve.

No banker would dare run his bank on the basis that they are now asking the FDIC to operate. No careful investor would put \$1 of his own money into any institution that was asked to operate on such a basis.

Mr. R. E. Gormley, chairman of the legislative committee of the Georgia Bankers Association told our committee that before any reduction in premiums should take place a surplus of at least \$2,500,000,000 should be built up. He urged that the surplus be built up so that the banks of this country will never have to call upon the Federal Treasury for another dollar.

Not one of the bankers who appeared before our committee took the position that the surplus now in this fund was adequate. Most of them said that the

amount of surplus was something to be determined by the Board of Directors of the FDIC.

The Board of Directors of the FDIC refused to take the position that the fund was adequate and placed the responsibility for fixing the amount of an adequate fund upon the Congress.

If this Congress allows the reduction of assessments to remain in this bill and disaster should befall this country before the fund is built up to a large enough sum to protect the Nation's depositors, the responsibility will be that of this Congress, and this Congress alone. I, for one, want this record to be crystal clear that I am warning the Congress against such an eventuality, and the responsibility for such a catastrophe, if one should occur, must rest upon the conscience of those Members who pass this bill in its present form.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. GAMBLE. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. POTTER].

Mr. POTTER. Mr. Chairman, I ask unanimous consent to speak out of order.

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

There was no objection.

Mr. POTTER. Mr. Chairman, I know that all of us here in the House and the American people generally are proud of the outstanding ability, the gallantry and the heroism of our fighting troops in Korea. I think that we are particularly proud of the gallantry of our ground forces. I can recall not too long ago, as a matter of fact since the end of World War II, when gentlemen in high positions of Government told us that this will be the last war where we will have to have ground troops, that the next war will be a war of science, a war in which push buttons would be the instrument of war.

Today we find ourselves in our first engagement, with the doughboys spilling the blood. The infantryman is the unsung hero; he is the unsung soldier; he is the individual who is sent in first and feels the brunt of battle. Normally he receives a minimum of training compared with other services. He receives the equipment that is left over; yes, and he is put into the hottest spot on any front.

Because of that, Mr. Chairman, I have introduced today a bill which will give the ground soldier a bonus for combat duty. The President's message today proposes an increase in our expenditures for military defense of \$10,000,000,000. Out of that, I am sure that we can provide a special bonus of \$5 a day for any of our ground troops actually in combat. That is what my bill provides for.

Certainly, Mr. Chairman, there are several precedents that have already been established for special bonuses. We have awarded flight pay to our aviators. We give special bonuses for submarine duty. We give special bonuses for diving duty, and there is special treatment for the paratroopers. The infantry and other combat ground troops is one group that is actually shedding their blood,

who do not have the opportunity to come home at night and sleep between clean sheets. This bill will give them at least a little incentive, a little boost to their morale, to let them know that their country has not forgotten them; that they are not being sent in to fight and then let the other branches of the service receive the credit for the work which they are doing.

I sincerely hope that our Armed Services Committee will take immediate action, particularly at this time when our ground forces are receiving such rough treatment at the hands of the enemy. This is a war in which you either live or die. From the evidence that has come to us through the newspapers, if you are captured you go through such torture that death is preferred. So, I sincerely hope that the membership of this House will act upon this legislation. It happens that I know a little bit about the feeling of an infantry soldier. It is gall to him when he looks up into the sky and he sees his buddies in the Air Force fly over him, and he says, "Well, they are going back tonight to warm meals and clean sheets, and at the same time getting pay and a half." This bill is a little token for a sacrifice that cannot be paid in compensation but nevertheless it is a token in appreciation, a debt that we owe them for service which they are rendering for us.

Mr. GAMBLE. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, first I wish to compliment the committee for bringing this bill to the floor in its present form. Back in 1933 and 1935 we did some very fundamental legislating insofar as bank legislation is concerned. It might be recalled that about that time we instituted a policy of deficit financing of the United States which laid down before our people the fundamental proposition that if vast issues from the Federal Treasury were to be sold, they would either have to be sold to individuals and corporations and partnerships and trusts, or to the banks of the country. The people in charge of the drafting of the legislation knew full well that individuals and corporations and partnerships would not absorb the issues which were to be put out by the Federal Treasury and that, therefore, the banks would have to take up a substantial portion of those issues, and which the banks did to more than \$90,000,000.

Some of these fundamental changes that were made might be very briefly mentioned. Passing a law which forbade the banks to pay interest on demand deposits to the depositors was about as fundamental a change as could be made in banking as it stood prior to 1933.

Another fundamental change that came in banking law was the institution of the FDIC.

Another fundamental change that came in the banking laws had to do with the liability of the stockholder. Those laws removed the double liability, so that the stockholder could not be assessed again for the investment he had made in the bank structure originally. That was done to encourage

people to invest their money in the capital structures of banks, so that there would be banks that could purchase the issues put out by the Federal Treasury.

Another fundamental change that was made in the banking laws came about through making it possible for banks that had purchased these issues of the Federal Treasury, if they needed currency badly to meet the demands made upon them by the people who had deposited their savings in the banks, to take those bonds issued by the Federal Treasury, sold to the banks, and turn the bonds back through the machinery of the Federal Reserve System and draw currency from the Federal Reserve in the form of Federal Reserve notes to the extent of the par value of the bonds.

Those were some very fundamental changes made in our banking law, and they have had a vast influence on banking in the United States.

If bank capital structures are to be retained sufficiently to carry a reasonable ratio to the amount of the deposits in the banks, it is necessary for banks to earn some profits now and then so that people will invest their money in the preferred and common stock of the banks. This bill has something to do with that particular phase of banking. This bill will substantially help the little banks of the country. That is why they agree to the provisions of the bill. This bill will have a favorable influence on the earnings of those little banks as well as the medium-size and the larger banks. This bill does away with a lot of the paper work the banks have had to do in connection with compiling the assessment base which was used by the FDIC for the purpose of making assessments against the banks so as to get these premiums into the hand of the FDIC.

On page 7 of the committee report is a very fine statement with respect to the most unique formula that has been worked out. This bill does not guarantee that the banks will receive back 60 percent of the dividend. It does not say anything of the kind. The bank might get 60 percent if certain things eventuated but there is no guaranty that those things will eventuate. This formula is a protective formula for the FDIC or, in other words, for the depositors who put their money in the banks, which is all right.

The FDIC operates on a basis which gives a great, wide spread all over the United States to all banks, under various management.

Altogether, this is a pretty good bill, I think.

This wide spread is as always a good thing in underwriting. It gives that much more insurance. If a fire-insurance company or a life-insurance company can get a very wide spread over millions of risks scattered over a vast expanse of territory then the underwriter using ordinary sense can get much better protection all the way through for everybody that is insured. The FDIC must necessarily have great power. I will give you one little illustration which happened in my district just recently. A little bank with a very small capitalization of less than \$100,000 found itself in trouble. The president was taking his

first vacation after 25 years. He and his wife—he is a very fine old gentleman—went down in Florida. A situation developed where there was a great shortage in this bank of several hundred times as much as the total capital stock of the bank. It became necessary for the FDIC to step in immediately, to put up several hundred thousand dollars and to take over the bank and consolidate it with another neighboring bank and all of this without the president of the bank even knowing anything about the bank being in any kind of trouble whatsoever. That illustrates how powerful the FDIC can be under the FDIC law.

If it is going to protect the depositors, it must have that power and it does have the power. This bill simply gives the FDIC a little bit more power for the benefit of these depositors who, after all, as the gentleman from Ohio [Mr. BROWN] said, really put up the insurance premiums to take care of this insurance which they enjoy. The consolidation was made. The FDIC stepped in. The community immediately settled down. There was no run on the bank. Everybody was fully protected. That one little loss may cost—and that was a very small bank, mind you—as I was saying it may cost the FDIC more than its total deposit insurance loss in 1949 which was \$431,000. Therefore, the FDIC has to have power. I think this is a good bill.

Mr. HAYS of Arkansas. Mr. Chairman, I am reluctant to take any of the Committee's time. It is apparent I believe that the general objectives of this measure will receive approval by the House. The FDIC has established itself as an important arm of the Federal system. It has been well administered and the changes proposed by the bill will mean substantial improvements in its service.

I strongly favor its principal provisions, the increase in coverage, the change in assessments, and the payment of dividends.

I regret that I cannot agree with the majority of the Banking Committee with reference to the proposed power for examination of insured banks.

It appears from the hearings that whenever the Corporation has felt that special circumstances warranted a separate examination of a State member bank, it requested permission of the Federal Reserve Board to make such an examination. I want to point out that the Federal Reserve Board Chairman's statement shows that 115 requests for consent to make examinations of State member banks have been received from the Corporation. Of these, not one was refused, 110 were granted, and in five cases the requests were withdrawn or dropped. It would seem that the FDIC is fully informed on the condition of State member banks and therefore nothing would be accomplished by any change in the law giving the Corporation power to examine such institutions without the consent of the Federal Reserve Board.

I call attention also to the fact that the Executive Committee of the National Association of Supervisors of State Banks, representing the State banking departments of the 48 States, is opposed

to the provision which would permit the FDIC to examine State member banks without the prior approval of the Federal Reserve Board. They urge that such a provision would tend to weaken the dual banking system.

I quote in part from a letter dated January 30, 1950, addressed to the Senate Banking and Currency Committee, from the Legislative Committee of the National Association of Supervisors of State Banks:

We fear State banks faced with examinations by three different supervisory agencies would be placed in highly disadvantageous competitive position with national banks which would be examined only by Comptroller of Currency.

For these reasons I opposed the amendment giving this power to the Corporation.

Mr. SPENCE. Mr. Chairman, I yield 2½ minutes to the gentleman from Illinois [Mr. PRICE].

Mr. PRICE. Mr. Chairman, an editorial in the Streator (Ill.) Times recently said a lot of what I should like to say in praise of Federal Deposit Insurance Corporation. It reads, in part, as follows:

Congressional action to expand the scope of the FDIC (Federal Deposit Insurance Corporation) as reflected in the passage in the Senate of a bill to extend coverage on individual bank deposits from \$5,000 to \$10,000 and at the same time decrease the insurance premium paid by the banks will receive universal support. This is one measure which had its birth in the depth of depression which has proved its usefulness and is destined to play an important role in any economic disturbance that may appear in the future.

So successful has been the operation of this program that the FDIC has repaid every cent of the \$289,000,000 which it borrowed from the United States Treasury when inaugurated in 1933 and last year had a profit of some \$138,000,000. In reserve is \$1,203,000,000.

Under the \$5,000 guaranty of bank deposits by the FDIC about 96 percent of all accounts have been covered and it is estimated that under the new law 98.4-percent coverage will be effected.

Though the FDIC is not offered as a guaranty against all bank failures, it is notable that only one to four a year have fallen by the wayside since 1933. It is also notable that every depositor in those few institutions have been paid in full up to the \$5,000 guaranty which in 1948 amounted only to \$400,000.

After many years during which there was no bank guaranty and much opposition to such a guaranty from many quarters, the experience with this depression project has been most gratifying.

We are considering today a bill providing for an increase in Federal insurance of bank deposits from \$5,000 to \$10,000. In the State of Illinois this provision of the bill will extend the benefits of complete coverage to an additional 186,000 depositors in insured banks.

Under existing law, 5,826,000 depositors in insured banks of Illinois are protected entirely. Raising maximum coverage to \$10,000 will give complete coverage to 6,012,000 Illinois depositors, on the basis of the latest survey made by FDIC.

Insured banks will benefit from two provisions of the bill. The first would simplify present procedures for comput-

ing the assessment base, while the second would provide for a substantial reduction in the cost of insurance to the banks in normal years.

During its more than 16 years of existence Federal Deposit Insurance Corporation has paid out about \$350,000,000 to protect 1,350,000 depositors in 412 insured banks that have encountered difficulty.

In the State of Illinois during this period, 19,000 depositors of 15 insured banks have had their funds protected by the advance of \$4,078,000 in FDIC funds.

The present maximum insurance coverage of \$5,000 protects completely more than 99,000,000 deposit accounts in insured banks throughout the Nation. Up-ping the coverage to \$10,000 would give complete coverage to an additional 3,000,000 deposit accounts, meanwhile raising the Corporation's potential liability by about \$12,000,000,000.

The economy of the Nation has benefited greatly from the financial stability engendered by FDIC. Owners of the 104,000,000 insured deposit accounts in our banks also have come to realize that safety and security are their rights.

Significantly, this corporation has not cost depositors or the taxpayers a single penny. The insurance premiums are paid by the banks, and so far have been sufficient to cover deposit insurance losses and expenses and to accumulate substantial reserves against possible future losses.

It will be my purpose to help this agency extend wider coverage to bank depositors throughout the Nation and to help it continue its contribution to the security and stability of our financial life.

Mr. WOLCOTT. Mr. Chairman, I yield such time as he may desire to the gentleman from New Jersey [Mr. WOLVERTON].

Mr. WOLVERTON. Mr. Chairman, the bill now before the House, S. 2822, to amend the Federal Deposit Insurance Act, is entitled to have the unanimous support of the House.

It increases the amount of insured deposits from the present limit of \$5,000 to \$10,000. This will cover a large percentage of accounts that exceed the \$5,000 limit and under present law are not fully covered as to the amount above \$5,000.

The enactment of the Federal Deposit Insurance Act is one of the most worth while of all the acts that have been enacted by Congress to give security to the people of this Nation.

With the experiences of our people in the last depression, when their savings were lost through the closing of banks, there is nothing that has been shown to be so necessary and commendable as the legislation passed by Congress in 1934 that guarantees depositors against loss up to \$5,000. I had advocated the insurance of such accounts long before Congress passed the legislation in 1934. I voted for the original bill, and I will vote for the present bill that increases the amount guaranteed up to \$10,000.

It is a natural step forward to increase the amount to \$10,000. There is no way to estimate the satisfaction, the comfort, and the sense of security that the original bill has given, and this present bill

will give, to our people. The insurance by the Federal Government against loss of their hard-earned savings removes doubt and fear from their minds. With a Government guaranty back of the moneys deposited, the savings of our people are as safe as the Government itself.

The fund which has been created from annual payments by the banks of the Nation has been well managed and has proven a bulwark of strength to our financial institutions and a sense of security to the depositors.

The other features of the bill making changes in the administration of the fund are also well considered and will prove helpful.

I give my wholehearted and enthusiastic support to the bill.

Mr. WOLCOTT. Mr. Chairman, I yield the remainder of the time, 5 minutes, to the gentleman from Kansas [Mr. REES].

Mr. REES. Mr. Chairman, I am supporting this legislation in general. I think the provision increasing the insurance coverage from \$5,000 to \$10,000 should be approved.

There are some provisions, however, to which I would like to direct attention. I do not think that \$15,000,000 for a new building at this time is necessary, and at the proper time I shall offer an amendment to strike the \$15,000,000 from this bill.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. REES. I heard the very splendid address by the distinguished gentleman from Georgia. He gave a fine presentation of this measure. He did a splendid job in explaining this proposed legislation. We are grateful for his efforts. He made a very persuasive argument in favor of that building, but, nevertheless, I do not believe this is the time to use these funds for that purpose. Let us leave the money in the fund.

Mr. BROWN of Georgia. This is just an authorization. It is left up to the President. It may not be built for 10 years.

Mr. REES. Well, let us not authorize it. Just leave it alone. At the present time it is not as essential as a number of other things.

Of course you authorize first. Then you, or someone, will be here asking for the funds to build it. Better leave it out for the present, anyway. Fifteen million dollars is a lot of money for one building for a comparatively small agency.

Mr. BUCHANAN. The Federal Deposit Insurance Corporation is paying about \$200,000 a year in rental.

Mr. REES. In Washington?

Mr. BUCHANAN. Yes.

Mr. REES. Well, my observation is that is too much. You are paying too high rents for the small group of people you have employed there. You might do well to look into that situation. I think there are many places where the Government is paying excessive rents. This may be one of them. I would like to have the gentleman tell me how many

employees there are. There is nothing in the hearings to indicate how many there are. This is a comparatively small agency.

Mr. BUCHANAN. Approximately 600 people.

Mr. REES. Approximately 600 people. Mr. BUCHANAN. And in three different buildings.

Mr. REES. Under this bill you would spend as much as it cost to build the Supreme Court Building when it was erected. But in view of the present conditions let us make sure that we are pretty fairly well insured. I think the authority of the Federal Deposit Insurance Corporation to examine banks is a good one.

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

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

Mr. BUCHANAN. In the last 16 years there have been some 412 cases of bank suspensions involving payment to the depositors of \$316,000,000 of which approximately \$290,000,000 were bank assets and only \$26,000,000 came from the fund.

Mr. REES. It is a splendid record. I agree with the gentleman. I think it ought to be understood that the assets of the bank are used before this deposit account is called upon to supplement it. Most of the bank failures came during the years before the act was put into effect rather than in the 16 years in which it has been in effect.

I, too, want to commend the management of the FDIC for the splendid service it has rendered. According to the figures submitted, there is presently on deposit in the insured institutions in round figures, \$156,800,000,000, of which \$76,000,000,000 is presently insured.

Under this legislation insured deposits will be increased approximately \$12,000,000,000, making a total of \$88,000,000,000 that would be covered under this bill.

The insurance fund presently amounts to \$1,200,000,000. Although the fund is comparatively small, it is fair to observe that the Comptroller of the Currency and State banking departments and the FDIC have, since the enactment of this act, done a pretty good job in the examination of banks. Of course, it ought to be observed, too, that during the past few years, economic conditions have been such that there should be no occasion for bank failures.

Because reference has been made to the question as to who pays the insurance fees, it ought to be observed that the fees are paid from the profits of the insured banks.

I think the provision in the bill authorizing FDIC to examine the banks, if and when deemed necessary, is a good one. It will give the agency opportunity to conduct such examinations if and when they have reason to believe there is a likelihood of a bank becoming insolvent.

I would like to make one further observation. It is that in view of present uncertain conditions, it is quite important that the insurance fund be kept as

strong as can be done so that in the event of emergency, the depositors in the banks will be amply protected.

The section provides for the authorization for the construction of a building for the FDIC at a cost of \$15,000,000.

I do not believe it is good policy for our Government, especially in view of our present situation, to authorize the expenditure of \$15,000,000 for this purpose.

There is nothing in the hearing to indicate the number of employees in the organization. Assuming there are 600, that means \$25,000 expenditure for each employee. Right now we are talking about the shortage of copper, of steel, and other building materials; also need of skilled labor. The President has just delivered an address asking for certain curtailment of building materials. It would not look very well for the Government to be authorizing this building, which may be fine if we could afford it. Our Government agencies should be first to set example of curtailment of unnecessary buildings. I think it would be more sensible to leave the \$15,000,000 in the fund to help guarantee bank deposits. At the proper time I shall offer an amendment to strike that section from the bill.

Mr. SPENCE. Mr. Chairman, I yield the balance of my time to the gentleman from North Carolina [Mr. DEANE].

Mr. DEANE. Mr. Chairman, this legislation needs no particular advocate on the part of any of us. Perhaps the only question at issue will be the formula involving the payment of dividends which has been discussed. I feel we should be cautious in our move to amend the bill. Let me point out the fact that the increase from \$5,000 to \$10,000 is only a 15-percent increase in the liability of the fund. The percentage of deposits now covered represents 48.8 percent. The percent of deposits covered by the bill before us is 56.1 percent, representing a difference of 15 percent. I also wish to pay my high tribute to the banking fraternity. Since the passage of the original FDIC legislation we have seen a complete change in the thinking of bank officials. You will not find anywhere in the country a more earnest, sincere group of individuals and they are doing a good job. The passage of the original FDIC legislation and the strengthened banking legislation of the various States has stabilized the banking industry and created faith on the part of depositors which formerly did not exist.

I wish to make this observation, Mr. Chairman, and that concerns the methods used by FDIC in coming to the assistance of insured banks that are in need of assistance. It is generally the policy of FDIC to avoid bank receiverships unless the conditions are such that warrant such a course of action. Instead the Corporation uses its authority by the merger of banks with financial aid of FDIC. In the table below I show the comparison of the two approaches or methods:

Number of depositors, amount of deposits, recoveries, and loss in insured banks placed in receivership or merged with the financial aid of the Corporation, 1934-48

Item	Total	Banks placed in receivership ¹	Banks merged with financial aid of FDIC
Number of banks.....	407	245	162
Number of depositors.....	1,342,290	382,766	959,524
Estimated number with no loss.....	1,285,010	325,486	959,524
Estimated number with some loss ²	2,509	2,509	-----
Estimated number with claims barred by termination of insurance or receivership ³	54,771	54,771	-----
Amount of deposits.....	\$522,678,000	\$109,603,000	\$413,075,000
Estimated recovery by depositors.....	\$520,347,000	\$107,272,000	\$413,075,000
Estimated loss by depositors.....	\$1,883,000	\$1,883,000	-----
Insurance terminated or claims barred.....	\$448,000	\$448,000	-----
Disbursement by FDIC.....	\$266,976,000	\$87,039,000	\$179,937,000
Estimated loss to FDIC.....	\$24,930,000	\$14,535,000	\$10,395,000

¹ The figures given in this table for number of depositors in receiverships differ from those in the 1947 Annual Report due to the final disposition of 6,585 claims, the status of which had been unsettled but were previously tabulated as fully insured. Of these, 4,333 when settled became barred claims; the balance, 2,252, were considered fully insured and the claims paid. The estimated number of depositors with no loss was reduced by 358 restricted claims which were paid in full or into a trust fund until claimed by the depositors. An adjustment of 1 depositor in the total number has also been made.

² 1,502 depositors will lose an estimated \$1,841,000 in accounts which exceeded the limit of \$5,000 insurance and were not otherwise protected, and 1,007 depositors will lose about \$42,000 in accounts which had been restricted or deferred prior to 1934, or were otherwise ineligible for insurance protection.

³ Of these 54,771 claims, it is estimated that 2,810 will be fully paid or held in trust, and 4,422 will be partially paid.

How does the second approach work? I refer now to the authority of the FDIC to extend funds and direct the merger of the bank that needs assistance with a going institution. I can give you a recent concrete example.

About noon on a recent Saturday the phone rang in the offices of Federal Deposit Insurance Corporation here in Washington. An insured bank in North Carolina had "over-loaned," as short of cash, and in difficulty.

Within an hour responsible members of the staff and field representatives had been dispatched to the scene. Through the night and all day Sunday, while the majority of us relaxed, these men toiled in the magnificent tradition of Federal Deposit Insurance Corporation.

The result?

What in the years before 1933 would have been a catastrophe to this North Carolina community—hysterical depositors, hard-pressed borrowers, and the other elements which constitute panic—were absent. The situation was well in hand and normal—another example of Federal deposit insurance in action.

By time for the bank to open on Monday morning, Federal Deposit Insurance Corporation was able to announce that no depositor of the bank would suffer the loss of a penny. In conjunction with Gurney P. Hood, commissioner of banks for North Carolina, FDIC's Chairman, Maple T. Harl, had arranged a plan that would protect all depositors, assure continuity of banking services in the area and prevent undue strain upon the bank's borrowers or the economic life of the community.

Under terms of the plan, FDIC advanced about \$1,500,000 in cash to cover all deposit liabilities of this bank and will take over all its assets. A neighborhood bank, as a result of the action of the Corporation, will assume all of the deposit liabilities, with the cash to back them, and will establish branch offices in the two locations served by the outgoing bank. Meanwhile, there will be no interruption to banking service in the communities involved.

Of equal importance is the fact that Federal Deposit Insurance Corporation will liquidate the assets of the outgoing bank. The Corporation, like any well-run business, wants maximum recovery on its cash advance. But unlike an individual bank it has no need to force immediate sale or foreclosure. It liquidates the assets it acquires in an orderly manner with due regard for economic conditions in the community and so achieves both minimum strain in the area and maximum recoveries.

During the more than 16 years of its operation, Federal Deposit Insurance Corporation had previously been called upon to protect 1,350,000 depositors in insured banks that encountered difficulty. For this reason it disbursed \$340,000,000 of which it estimates its losses will be \$25,000,000.

The present case is the seventh in North Carolina which has benefited from FDIC aid. In the early days of the Corporation, two insured banks were placed in receivership and their depositors paid in cash by FDIC. More recently, since the merger technique of protection was authorized by Congress, four banks were aided by the Corporation.

The 8,000 depositors of these six banks will be eternally grateful for the prompt protection they received, just as will the depositors in the bank that was taken over last week.

It is gratifying to me to see the harmonious and effective cooperation of the Corporation with State bank supervisory authorities. Our North Carolina commissioner of banks, Gurney P. Hood, and Maple T. Harl, Chairman of FDIC, have worked in harness and in harmony for many years. In their examinations of banks, in their correlation of supervisory standards, and in their operations when difficulty strikes a bank, they share a philosophy as simple as it is effective. "The insured depositor shall not suffer," they say, and the record proves they mean what they say.

Great credit for the remarkably good record of banking during the past 16 years must also be given to the bankers themselves. They, too, are deter-

mined to run sound and safe institutions and they are working constantly to that end. Not only do senior bankers finance professional schooling for their staffs—they go regularly to graduate schools and seminars themselves. The average banker is constantly on the alert for new devices and new techniques that will improve the safety and efficiency of his institution. Furthermore, he welcomes the periodic visits of State and Federal supervisory authorities. The exchange of ideas and experiences is good for everyone—especially the depositors.

The benefits of Federal Deposit Insurance now protect more than 104,000,000 deposit accounts in 13,650 banks throughout the Nation.

The mere existence of this insurance is a great psychological aid to stability of our economy. Each instance of "Federal Deposit Insurance in Action," like this in North Carolina, strengthens the faith of depositors in the banks and in the Corporation which insures the safety and liquidity of their deposits in insured banks.

I should like to congratulate Chairman Harl and his efficient staff not only upon another job well done, but also upon the permanent contribution the Federal Deposit Insurance Corporation, under outstanding management, has made to the financial and social welfare of this Nation.

It is my understanding that we are now in the seventh year without the failure of an insured bank and without loss to any depositor in an insured bank. This is an all-time record in this Nation's history for banking stability and depositor safety.

Mr. Chairman, I repeat what I said in my opening statement. I know there are members of our committee who are sincere in thinking that the banking formula, this formula that is being proposed, should be amended, but we should be very careful as we amend the bill. As our distinguished chairman mentioned in the very beginning, all administrative costs and losses, and all other liability factors must first be absorbed before the return of any dividend, which will in my opinion fully safeguard the fund.

The CHAIRMAN. There being no further requests for time, the Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That section 12B of the Federal Reserve Act, as amended, is hereby withdrawn as a part of that act and is made a separate act to be known as the Federal Deposit Insurance Act.

Sec. 2. The Federal Deposit Insurance Act is amended to read as follows:

"Sec. 1. There is hereby created a Federal Deposit Insurance Corporation (hereinafter referred to as the Corporation) which shall insure, as hereinafter provided, the deposits of all banks which are entitled to the benefits of insurance under this act, and which shall have the powers hereinafter granted.

"Sec. 2. The management of the Corporation shall be vested in a Board of Directors consisting of three members, one of whom shall be the Comptroller of the Currency, and two of whom shall be citizens of the United States to be appointed by the

President, by and with the advice and consent of the Senate. One of the appointive members shall be the Chairman of the Board of Directors of the Corporation and not more than two of the members of such Board of Directors shall be members of the same political party. Each such appointive member shall hold office for a term of 6 years. In the event of a vacancy in the office of the Comptroller of the Currency, and pending the appointment of his successor, or during the absence of the Comptroller from Washington, the Acting Comptroller of the Currency shall be a member of the Board of Directors in the place and stead of the Comptroller. In the event of a vacancy in the office of the Chairman of the Board of Directors, and pending the appointment of his successor, the Comptroller of the Currency shall act as Chairman. The members of the Board of Directors shall be ineligible during the time they are in office and for 2 years thereafter to hold any office, position, or employment in any insured bank, except that this restriction shall not apply to any member who has served the full term for which he was appointed. No member of the Board of Directors shall be an officer or director of any insured bank or Federal Reserve bank or hold stock in any insured bank; and before entering upon his duties as a member of the Board of Directors he shall certify under oath that he has complied with this requirement and such certification shall be filed with the secretary of the Board of Directors.

"Sec. 3. As used in this act—

"(a) The term 'State bank' means any bank, banking association, trust company, savings bank, or other banking institution which is engaged in the business of receiving deposits, other than trust funds as herein defined, and which is incorporated under the laws of any State, any Territory of the United States, Puerto Rico, or the Virgin Islands, or which is operating under the Code of Law for the District of Columbia (except a national bank), and includes any unincorporated bank the deposits of which are insured on the effective date of this amendment.

"(b) The term 'State member bank' means any State bank which is a member of the Federal Reserve System, and the term 'State nonmember bank' means any State bank which is not a member of the Federal Reserve System.

"(c) The term 'District bank' means any State bank operating under the Code of Law for the District of Columbia.

"(d) The term 'national member bank' means any national bank located in any of the States of the United States, the District of Columbia, any Territory of the United States, Puerto Rico, or the Virgin Islands which is a member of the Federal Reserve System.

"(e) The term 'national nonmember bank' means any national bank located in any Territory of the United States, Puerto Rico, or the Virgin Islands which is not a member of the Federal Reserve System.

"(f) The term 'mutual savings bank' means a bank without capital stock transacting a savings bank business, the net earnings of which inure wholly to the benefit of its depositors after payment of obligations for any advances by its organizers.

"(g) The term 'savings bank' means a bank (other than a mutual savings bank) which transacts its ordinary banking business strictly as a savings bank under State laws imposing special requirements on such banks governing the manner of investing their funds and of conducting their business: *Provided*, That the bank maintains, until maturity date or until withdrawn, all deposits made with it (other than funds held by it in a fiduciary capacity) as time savings deposits of the specific term type or of the type where the right is reserved to the bank to require written notice before permitting

withdrawal: *Provided further*, That such bank to be considered a savings bank must elect to become subject to regulations of the Corporation with respect to the redeposit of maturing deposits and prohibiting withdrawal of deposits by checking except in cases where such withdrawal was permitted by law on August 23, 1935, from specifically designated deposit accounts totaling not more than 15 percent of the bank's total deposits.

"(h) The term 'insured bank' means any bank the deposits of which are insured in accordance with the provisions of this act; and the term 'noninsured bank' means any bank the deposits of which are not so insured.

"(i) The term 'new bank' means a new national banking association organized by the Corporation to assume the insured deposits of an insured bank closed on account of inability to meet the demands of its depositors and otherwise to perform temporarily the functions prescribed in this act.

"(j) The term 'receiver' includes a receiver, liquidating agent, conservator, commission, person, or other agency charged by law with the duty of winding up the affairs of a bank.

"(k) The term 'Board of directors' means the board of directors of the corporation.

"(l) The term 'deposit' means the unpaid balance of money or its equivalent received by a bank in the usual course of business and for which it has given or is obligated to give credit to a commercial, checking, savings, time, or thrift account, or which is evidenced by its certificate of deposit, and trust funds held by such bank whether retained or deposited in any department of such bank or deposited in another bank, together with such other obligations of a bank as the board of directors shall find and shall prescribe by its regulations to be deposit liabilities by general usage: *Provided*, That any obligation of a bank which is payable only at an office of the bank located outside the States of the United States, the District of Columbia, any Territory of the United States, Puerto Rico, and the Virgin Islands, shall not be a deposit for any of the purposes of this act or be included as a part of total deposits or of an insured deposit: *Provided further*, That any insured bank having its principal place of business in any of the States of the United States or in the District of Columbia which maintains a branch in any Territory of the United States, Puerto Rico, or the Virgin Islands may elect to exclude from insurance under this act its deposit obligations which are payable only at such branch, and upon so electing the insured bank with respect to such branch shall comply with the provisions of this act applicable to the termination of insurance by nonmember banks: *Provided further*, That the bank may elect to restore the insurance to such deposits at any time its capital stock is unimpaired.

"(m) The term 'insured deposit' means the net amount due to any depositor for deposits in an insured bank (after deducting offsets) less any part thereof which is in excess of \$10,000. Such net amount shall be determined according to such regulations as the board of directors may prescribe, and in determining the amount due to any depositor there shall be added together all deposits in the bank maintained in the same capacity and the same right for his benefit either in his own name or in the names of others except trust funds which shall be insured as provided in subsection (l) of section 7. Each officer, employee, or agent of the United States, of any State of the United States, of the District of Columbia, of any Territory of the United States, of Puerto Rico, of the Virgin Islands, of any county, of any municipality, or of any political subdivision thereof, herein called public unit, having official custody of public funds and lawfully depositing the same in an insured bank

shall, for the purpose of determining the amount of the insured deposits, be deemed a depositor in such custodial capacity separate and distinct from any other officer, employee, or agent of the same or any public unit having official custody of public funds and lawfully depositing the same in the same insured bank in custodial capacity.

"(n) The term 'transferred deposit' means a deposit in a new bank or other insured bank made available to a depositor by the Corporation as payment of the insured deposit of such depositor in a closed bank, and assumed by such new bank or other insured bank.

"(o) The term 'branch' includes any branch bank, branch office, branch agency, additional office, or any branch place of business located in any State of the United States or in any Territory of the United States, Puerto Rico, or the Virgin Islands at which deposits are received or checks paid or money lent.

"(p) The term 'trust fund' means funds held by an insured bank in a fiduciary capacity and includes, without being limited to, funds held as trustee, executor, administrator, guardian, or agent.

"Sec. 4. (a) Every bank, which is an insured bank on the effective date of this amendment, shall be and continue to be, without application or approval, an insured bank and shall be subject to the provisions of this act.

"(b) Every national member bank which is authorized to commence or resume the business of banking, and which is engaged in the business of receiving deposits other than trust funds as herein defined, and every such national nonmember bank which becomes a member of the Federal Reserve System, and every State bank which is converted into a national member bank or which becomes a member of the Federal Reserve System, and which is engaged in the business of receiving deposits, other than trust funds as herein defined, shall be an insured bank from the time it is authorized to commence or resume business or becomes a member of the Federal Reserve System. The certificate herein prescribed shall be issued to the Corporation by the Comptroller of the Currency in the case of such national member bank, or by the Board of Governors of the Federal Reserve System in the case of such State member bank: *Provided*, That in the case of an insured bank which is admitted to membership in the Federal Reserve System or an insured State bank which is converted into a national member bank, such certificate shall not be required, and the bank shall continue as an insured bank. Such certificate shall state that the bank is authorized to transact the business of banking in the case of a national member bank, or is a member of the Federal Reserve System in the case of a State member bank, and that consideration has been given to the factors enumerated in section 6.

"Sec. 5. Subject to the provisions of this act, any national nonmember bank which is engaged in the business of receiving deposits, other than trust funds as herein defined, upon application by the bank and certification by the Comptroller of the Currency in the manner prescribed in subsection (b) of section 4 and any State nonmember bank, upon application to and examination by the Corporation and approval by the Board of Directors, may become an insured bank. Before approving the application of any such State nonmember bank, the Board of Directors shall give consideration to the factors enumerated in section 6 and shall determine, upon the basis of a thorough examination of such bank, that its assets in excess of its capital requirements are adequate to enable it to meet all of its liabilities to depositors and other creditors as shown by the books of the bank.

"Sec. 6. The factors to be enumerated in the certificate required under section 4 and

to be considered by the Board of Directors under section 5 shall be the following: The financial history and condition of the bank, the adequacy of its capital structure, its future earnings prospects, the general character of its management, the convenience and needs of the community to be served by the bank, and whether or not its corporate powers are consistent with the purposes of this act.

"Sec. 7. (a) The assessment rate shall be one-twelfth of 1 percent per annum. The semiannual assessment for each insured bank shall be in the amount of the product of one-half the annual assessment rate multiplied by the assessment base. The assessment base shall be the amount of the liability of the bank for deposits, according to the definition of the term 'deposit' in and pursuant to subsection (1) of section 3, without any deduction for indebtedness of depositors: *Provided*, That the bank—

"(1) may deduct (i) from the deposit balance due to an insured bank the deposit balance due from such insured bank (other than trust funds deposited by it in such bank) which is subject to immediate withdrawal; (ii) trust funds held by the bank in a fiduciary capacity and which are deposited in another insured bank; and (iii) cash items as determined by either of the following methods, at the option of the bank: (aa) By multiplying by 2 the total of the cash items forwarded for collection on the assessment base days (being the days on which the average deposits are computed) and cash items held for clearings at the close of business on said days, which are in the process of collection and which the bank has paid in the regular course of business or credited to deposit accounts; or (bb) by deducting the total of cash items forwarded for collection on the assessment base days and cash items held for clearings at the close of business on said days, which are in the process of collection and which the bank has paid in the regular course of business or credited to deposit accounts, plus such uncollected items paid or credited on preceding days which are in the process of collection: *Provided*, That the Board of Directors may define the terms 'cash items,' 'process of collection,' and 'uncollected items' and shall fix the maximum period for which any such item may be deducted; and

"(2) may exclude from its assessment base (i) drafts drawn by it on deposit accounts in other insured banks which are issued in the regular course of business; and (ii) cash funds which are received and held solely for the purpose of securing a liability to the bank but not in an amount in excess of such liability, and which are not subject to withdrawal by the obligor and are carried in a special non-interest-bearing account designated to properly show their purpose.

Each insured bank, as a condition to the right to make any such deduction or exclusion in determining its assessment base, shall maintain such records as will readily permit verification of the correctness thereof. The semiannual assessment base for one semiannual period shall be the average of the assessment base of the bank as of the close of business on March 31 and June 30, and the semiannual assessment base for the other semiannual period shall be the average of the assessment base of the bank as of the close of business on September 30 and December 31: *Provided*, That when any of said days is a nonbusiness day or a legal holiday, either National or State, the preceding business day shall be used. The certified statements required to be filed with the Corporation under subsections (b) and (c) of this section shall be in such form and set forth such supporting information as the Board of Directors shall prescribe. The assessment payments required from insured banks under subsections (b) and (c) of this section shall be made in such manner and at such time or times as the Board of Directors

shall prescribe provided the time or times so prescribed shall not be later than 60 days after filing the certified statement setting forth the amount of assessment.

"(b) On or before the 15th day of July of each year, each insured bank shall file with the Corporation a certified statement showing for the 6 months ending on the preceding June 30 the amount of the assessment base and the amount of the semiannual assessment due to the Corporation for the period ending on the following December 31 determined in accordance with subsection (a) of this section, which shall contain or be verified by a written declaration that it is made under the penalties of perjury. Each insured bank shall pay to the Corporation the amount of the semiannual assessment it is required to certify. On or before the 15th day of January of each year, each insured bank shall file with the Corporation a similar certified statement for the 6 months ending on the preceding December 31 and shall pay to the Corporation the amount of the semiannual assessment for the period ending on the following June 30 which it is required to certify.

"(c) Each bank which becomes an insured bank shall not be required to file any certified statement or pay any assessment for the semiannual period in which it becomes an insured bank. On the expiration of such period, each such bank shall comply with the provisions of subsection (b) of this section except that the semiannual assessment base for its first certified statement shall be the assessment base of the bank as of the close of business on the preceding June 30 or December 31, whichever is applicable, determined in accordance with subsection (a) of this section. If such bank has assumed the liabilities for deposits of another bank or banks, it shall include such liabilities in its assessment base. The first certified statement shall show as the amount of the first semiannual assessment due to the Corporation, an amount equal to the product of one-half of the annual assessment rate multiplied by such assessment base.

"(d) As of December 31, 1949, and each calendar year thereafter, the Corporation shall transfer 40 percent of its net assessment income to its capital account and the balance of the net assessment income shall be credited pro rata to the insured banks based upon the assessments of each bank during said calendar year. Such credits shall be applied by the Corporation toward the payment of the total assessments becoming due for the semiannual assessment period beginning the next ensuing July 1. The term 'net assessment income' as used herein means the total assessments which become due during the calendar year less (1) the operating costs and expenses of the Corporation for the calendar year; (2) additions to reserve to provide for insurance losses during the calendar year, except that any adjustments to reserve which result in a reduction of such reserve shall be added; and (3) the insurance losses sustained in said calendar year plus losses from any preceding years in excess of such reserves. If the above deductions exceed in amount the total assessments which become due during the calendar year, the amount of such excess shall be restored by deduction from total assessments becoming due in subsequent years.

"(e) The Corporation (1) may refund to an insured bank any payment of assessment in excess of the amount due to the Corporation or (2) may credit such excess toward the payment of the assessment next becoming due from such bank and upon succeeding assessments until the credit is exhausted.

"(f) Any insured bank which fails to file any certified statement required to be filed by it in connection with determining the amount of any assessment payable by the bank to the Corporation may be compelled to file such statement by mandatory injunction or other appropriate remedy in a suit

brought for such purpose by the Corporation against the bank and any officer or officers thereof in any court of the United States of competent jurisdiction in the District or Territory in which such bank is located.

"(g) The Corporation, in a suit brought at law or in equity in any court of competent jurisdiction, shall be entitled to recover from any insured bank the amount of any unpaid assessment lawfully payable by such insured bank to the Corporation, whether or not such bank shall have filed any such certified statement and whether or not suit shall have been brought to compel the bank to file any such statement. No action or proceeding shall be brought for the recovery of any assessment due to the Corporation, or for the recovery of any amount paid to the Corporation in excess of the amount due to it, unless such action or proceeding shall have been brought within 5 years after the right accrued for which the claim is made, except where the insured bank has made or filed with the Corporation a false or fraudulent certified statement with the intent to evade, in whole or in part, the payment of assessment, in which case the claim shall not be deemed to have accrued until the discovery by the Corporation that the certified statement is false or fraudulent: *Providing, however*, That where a cause of action has already accrued, and the period herein prescribed within which an action may be brought has expired, or will expire within 1 year from the date this amendment becomes effective, an action may be brought on such cause of action within 1 year from the effective date of this amendment: *And provided further*, That no action or proceeding shall be brought for the recovery of any assessment on deposits alleged to have been omitted from the assessment base of any insured bank for any year prior to 1945 except that any claim of the Corporation for the payment of any assessment may be offset by it against any claim of the bank for the overpayment of any assessment.

"(h) Should any national member bank or any insured national nonmember bank fail to file any certified statement required to be filed by such bank under any provision of this section, or fail to pay any assessment required to be paid by such bank under any provision of this act, and should the bank not correct such failure within 30 days after written notice has been given by the Corporation to an officer of the bank, citing this subsection, and stating that the bank has failed to file or pay as required by law, all the rights, privileges, and franchises of the bank granted to it under the National Bank Act, as amended, the Federal Reserve Act, as amended, or this act, shall be thereby forfeited. Whether or not the penalty provided in this subsection has been incurred shall be determined and adjudged in the manner provided in the sixth paragraph of section 2 of the Federal Reserve Act, as amended. The remedies provided in this subsection and in the two preceding subsections shall not be construed as limiting any other remedies against any insured bank, but shall be in addition thereto.

"(i) Trust funds held by an insured bank in a fiduciary capacity whether held in its trust or deposited in any other department or in another bank shall be insured in an amount not to exceed \$10,000 for each trust estate, and when deposited by the fiduciary bank in another insured bank such trust funds shall be similarly insured to the fiduciary bank according to the trust estates represented. Notwithstanding any other provision of this act, such insurance shall be separate from and additional to that covering other deposits of the owners of such trust funds or the beneficiaries of such trust estates: *Provided*, That where the fiduciary bank deposits any of such trust funds in other insured banks the amount so held by other insured banks on deposit shall not for

the purpose of any certified statement required under subsections (b) and (c) of this section be considered to be a deposit liability of the fiduciary bank, but shall be considered to be a deposit liability of the bank in which such funds are so deposited by such fiduciary bank. The Board of Directors shall have power by regulation to prescribe the manner of reporting and of depositing such trust funds.

"Sec. 8. (a) Any insured bank (except a national member bank or State member bank) may, upon not less than 90 days' written notice to the Corporation, and to the Reconstruction Finance Corporation if it owns or holds as pledgee any preferred stock, capital notes, or debentures of such bank, terminate its status as an insured bank. Whenever the Board of Directors shall find that an insured bank or its directors or trustees have continued unsafe or unsound practices in conducting the business of such bank, or have knowingly or negligently permitted any of its officers or agents to violate any provision of any law or regulation to which the insured bank is subject, the Board of Directors shall first give to the Comptroller of the Currency in the case of a national bank or a District bank, to the authority having supervision of the bank in the case of a State bank, or to the Board of Governors of the Federal Reserve System in the case of a State member bank, a statement with respect to such practices or violations for the purpose of securing the correction thereof and shall give a copy thereof to the bank. Unless such correction shall be made within 120 days or such shorter period of time as the Comptroller of the Currency, the State authority, or Board of Governors of the Federal Reserve System, as the case may be, shall require, the Board of Directors, if it shall determine to proceed further, shall give to the bank not less than 30 days' written notice of intention to terminate the status of the bank as an insured bank, and shall fix a time and place for a hearing before the Board of Directors or before a person designated by it to conduct such hearing, at which evidence may be produced, and upon such evidence the Board of Directors shall make written findings which shall be conclusive. Unless the bank shall appear at the hearing by a duly authorized representative, it shall be deemed to have consented to the termination of its status as an insured bank. If the Board of Directors shall find that any unsafe or unsound practice or violation specified in such notice has been established and has not been corrected within the time above prescribed in which to make such corrections, the Board of Directors may order that the insured status of the bank be terminated on a date subsequent to such finding and to the expiration of the time specified in such notice of intention. The Corporation may publish notice of such termination and the bank shall give notice of such termination to each of its depositors at his last address of record on the books of the bank, in such manner and at such time as the Board of Directors may find to be necessary and may order for the protection of depositors. After the termination of the insured status of any bank under the provisions of this subsection, the insured deposits of each depositor in the bank on the date of such termination, less all subsequent withdrawals from any deposits of such depositor, shall continue for a period of 2 years to be insured, and the bank shall continue to pay to the Corporation assessments as in the case of an insured bank during such period. No additions to any such deposits and no new deposits in such bank made after the date of such termination shall be insured by the Corporation, and the bank shall not advertise or hold itself out as having insured deposits unless in the same connection it shall also state with equal prominence that such additions

to deposits and new deposits made after such date are not so insured. Such bank shall, in all other respects, be subject to the duties and obligations of an insured bank for the period of 2 years from the date of such termination, and in the event that such bank shall be closed on account of inability to meet the demands of its depositors within such period of 2 years, the Corporation shall have the same powers and rights with respect to such bank as in case of an insured bank.

"(b) Whenever the insured status of a State member bank shall be terminated by action of the Board of Directors, the Board of Governors of the Federal Reserve System shall terminate its membership in the Federal Reserve System in accordance with the provisions of section 9 of the Federal Reserve Act, and whenever the insured status of a national member bank shall be so terminated the Comptroller of the Currency shall appoint a receiver for the bank, which shall be the Corporation. Whenever a member bank shall cease to be a member of the Federal Reserve System, its status as an insured bank shall, without notice or other action by the Board of Directors, terminate on the date the bank shall cease to be a member of the Federal Reserve System, with like effect as if its insured status had been terminated on said date by the Board of Directors after proceedings under subsection (a) of this section.

"(c) Notwithstanding any other provision of law, whenever the Board of Directors shall determine that an insured banking institution is not engaged in the business of receiving deposits, other than trust funds as herein defined, the Corporation shall notify the banking institution that its insured status will terminate at the expiration of the first full semiannual assessment period following such notice. A finding by the Board of Directors that a banking institution is not engaged in the business of receiving deposits, other than such trust funds, shall be conclusive. The Board of Directors shall prescribe the notice to be given by the banking institution of such termination and the Corporation may publish notice thereof. Upon the termination of the insured status of any such banking institution, its deposits shall thereupon cease to be insured and the banking institution shall thereafter be relieved of all future obligations to the Corporation, including the obligation to pay future assessments.

"(d) Whenever the liabilities of an insured bank for deposits shall have been assumed by another insured bank or banks, the insured status of the bank whose liabilities are so assumed shall terminate on the date of receipt by the Corporation of satisfactory evidence of such assumption with like effect as if its insured status had been terminated on said date by the Board of Directors after proceedings under subsection (a) of this section: *Provided*, That if the bank whose liabilities are so assumed gives to its depositors notice of such assumption within 30 days after such assumption takes effect, by publication or by any reasonable means, in accordance with regulations to be prescribed by the Board of Directors, the insurance of its deposits shall terminate at the end of 6 months from the date such assumption takes effect. Such bank shall be subject to the duties and obligations of an insured bank for the period its deposits are insured: *Provided*, That if the deposits are assumed by a newly insured bank, the bank whose deposits are assumed shall not be required to pay any assessment upon the deposits which have been so assumed after the semiannual period in which the assumption takes effect.

"Sec. 9. Upon the date of enactment of the Banking Act of 1933, the Corporation shall become a body corporate and as such shall have power—

"First. To adopt and use a corporate seal.

"Second. To have succession until dissolved by an act of Congress.

"Third. To make contacts.

"Fourth. To sue and be sued, complain and defend, in any court of law or equity, State or Federal. All suits of a civil nature at common law or in equity to which the Corporation shall be a party shall be deemed to arise under the laws of the United States: *Provided*, That any such suit to which the Corporation is a party in its capacity as receiver of a State bank and which involves only the rights or obligations of depositors, creditors, stockholders, and such State bank under State law shall not be deemed to arise under the laws of the United States. Except as otherwise provided in sections 7 (g), 11 (g), and 12 (e), no suit by or against the Corporation shall be allowed unless it shall have been brought within 5 years after the right accrued on which suit is brought. No attachment or execution shall be issued against the Corporation or its property before final judgment in any suit, action, or proceeding in any State, county, municipal, or United States court. The Board of Directors shall designate an agent upon whom service of process may be made in any State, Territory, or jurisdiction in which any insured bank is located.

"Fifth. To appoint by its Board of Directors such officers and employees as are not otherwise provided for in this act, to define their duties, fix their compensation, require bonds of them and fix the penalty thereof, and to dismiss at pleasure such officers or employees. Nothing in this or any other act shall be construed to prevent the appointment and compensation as an officer or employee of the Corporation of any officer or employee of the United States in any board, commission, independent establishment, or executive department thereof.

"Sixth. To prescribe, by its Board of Directors, bylaws not inconsistent with law, regulating the manner in which its general business may be conducted, and the privileges granted to it by law may be exercised and enjoyed.

"Seventh. To exercise by its Board of Directors, or duly authorized officers or agents, all powers specifically granted by the provisions of this act, and such incidental powers as shall be necessary to carry out the powers so granted.

"Eighth. To make examinations of and to require information and reports from banks, as provided in this act.

"Ninth. To act as receiver.

"Tenth. To prescribe by its Board of Directors such rules and regulations as it may deem necessary to carry out the provisions of this act.

"Sec. 10. (a) The Board of Directors shall administer the affairs of the Corporation fairly and impartially and without discrimination. The Board of Directors of the Corporation shall determine and prescribe the manner in which its obligations shall be incurred and its expenses allowed and paid. The Corporation shall be entitled to the free use of the United States mails in the same manner as the executive departments of the Government. The Corporation with the consent of any Federal Reserve bank or of any board, commission, independent establishment, or executive department of the Government, including any field service thereof, may avail itself of the use of information, services, and facilities thereof in carrying out the provisions of this act.

"(b) The Board of Directors shall appoint examiners who shall have power, on behalf of the Corporation, to examine any insured State nonmember bank (except a District bank), any State nonmember bank making application to become an insured bank, and any closed insured bank, whenever in the judgment of the Board of Directors an examination of the bank is necessary. Such examiners shall have like power to examine,

with the written consent of the Comptroller of the Currency, any national bank or District bank, and, with the written consent of the Board of Governors of the Federal Reserve System, any State member bank. Each such examiner shall have power to make a thorough examination of all the affairs of the bank and in doing so he shall have power to administer oaths and to examine and take and preserve the testimony of any of the officers and agents thereof, and shall make a full and detailed report of the condition of the bank to the Corporation. The Board of Directors in like manner shall appoint claim agents who shall have power to investigate and examine all claims for insured deposits and transferred deposits. Each claim agent shall have power to administer oaths and to examine under oath and take and preserve the testimony of any persons relating to such claims.

"(c) For the purpose of any hearing under this act, the Board of Directors, any member thereof or any person designated by the Board of Directors to conduct any such hearing, is empowered to administer oaths and affirmations, subpoena any officer or employee of the insured bank, compel his attendance, take evidence, take depositions and require the production of any books, records, or other papers of the insured bank which are relevant or material to the inquiry. For the purpose of any hearing, examination, or investigation under this act, the Board of Directors may apply to any judge or clerk of any court of the United States within the jurisdiction of which such hearing, examination, or investigation is carried on, or where such person resides or carries on business, to issue a subpoena commanding each person to whom it is directed to attend and give testimony or for the taking of his deposition and to produce books, records, or other papers relevant or material to such hearing, examination, or investigation at a time and place and before a person therein specified. Such attendance of witnesses and the production of any such papers may be required from any place in any State or in any Territory or other place subject to the jurisdiction of the United States at any designated place where such a hearing is being held or such examination or investigation is being made: *Provided, however*, That the production of a person's documents at any place other than his place of business shall not be required in any case in which, prior to the return date specified in the subpoena with respect thereto, such person either has furnished as directed a copy of such documents (certified by such person under oath to be a true and correct copy) or has entered into a stipulation with any authorized representative of the Corporation as to the information contained in such documents. Witnesses subpoenaed under this section shall be paid the same fees and mileage that are paid witnesses in the district courts of the United States.

"(d) In cases of refusal to obey a subpoena issued to, or contumacy by, any person, the Board of Directors may invoke the aid of any court of the United States within the jurisdiction of which such hearing, examination or investigation is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of books, records, or other papers. And such court may issue an order requiring such person to appear before the Board of Directors or member or person designated by the Board of Directors, there to produce records, if so ordered, or to give testimony touching the matter in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof. All process in any such case may be served in the judicial district whereof such person is an inhabitant or carries on business or wherever he may be found. No person shall be excused from attending and

testifying or from producing books, records, or other papers in obedience to a subpoena issued under the authority of this act on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to penalty or forfeiture; but no individual shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled to testify or produce evidence, documentary or otherwise, after having claimed his privilege against self-incrimination, except that such individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

"(e) Each insured State nonmember bank (except a District bank) shall make to the Corporation reports of condition in such form and at such times as the Board of Directors may require. The Board of Directors may require such reports to be published in such manner, not inconsistent with any applicable law, as it may direct. Every such bank which fails to make or publish any such report within such time, not less than 5 days, as the Board of Directors may require, shall be subject to a penalty of not more than \$100 for each day of such failure recoverable by the Corporation for its use.

"(f) The Corporation shall have access to reports of examination made by, and reports of condition made to, the Comptroller of the Currency or any Federal Reserve bank, may accept any report made by or to any commission, board, or authority having supervision of a State nonmember bank (except a District bank), and may furnish to the Comptroller of the Currency, to any Federal Reserve bank, and to any such commission, board, or authority, reports of examinations made on behalf of, and reports of condition made to, the Corporation.

"(g) The Corporation may cause any and all records, papers, or documents kept by it or in its possession or custody to be photographed or microphotographed or otherwise reproduced upon film, which photographic film shall comply with the minimum standards of quality approved for permanent photographic records by the National Bureau of Standards. Such photographs, microphotographs, or photographic film or copies thereof shall be deemed to be an original record for all purposes, including introduction in evidence in all State and Federal courts or administrative agencies and shall be proof of any act, transaction, occurrence, or event therein recorded. Such photographs, microphotographs, or reproduction shall be preserved in such manner as the Board of Directors of the Corporation shall prescribe and the original records, papers, or documents may be destroyed or otherwise disposed of as the Board shall direct.

"Sec. 11. (a) The Temporary Federal Deposit Insurance Fund and the Fund For Mutuals heretofore created pursuant to the provisions of section 12B of the Federal Reserve Act, as amended, are hereby consolidated into a Permanent Insurance Fund for insuring deposits, and the assets therein shall be held by the Corporation for the uses and purposes of the Corporation: *Provided*, That the obligations to and rights of the Corporation, depositors, banks, and other persons arising out of any event or transaction prior to the effective date of this amendment shall remain unimpaired. On and after August 23, 1935, the Corporation shall insure the deposits of all insured banks as provided in this Act: *Provided further*, That the insurance shall apply only to deposits of insured banks which have been made available since March 10, 1933, for withdrawal in the usual course of the banking business: *Provided further*, That if any insured bank shall, without the consent of the Corporation, release or modify restrictions on or deferments of deposits which had not been made available for withdrawal in the usual course of the banking business on or before

August 23, 1935, such deposits shall not be insured. The maximum amount of the insured deposit of any depositor shall be \$10,000: *And provided further*, That in the case of banks closing prior to the effective date of this amendment, the maximum amount of the insured deposit of any depositor shall be \$5,000.

"(b) For the purposes of this act an insured bank shall be deemed to have been closed on account of inability to meet the demands of its depositors in any case in which it has been closed for the purpose of liquidation without adequate provision being made for payment of its depositors.

"(c) Notwithstanding any other provision of law, whenever the Comptroller of the Currency shall appoint a receiver other than a conservator of any insured national bank or insured District bank, he shall appoint the Corporation receiver for such closed bank.

"(d) Notwithstanding any other provision of law, it shall be the duty of the Corporation as such receiver to cause notice to be given, by advertisement in such newspapers as it may direct, to all persons having claims against such closed bank pursuant to section 5235 of the Revised Statutes (U. S. C., title 12, sec. 193); to realize upon the assets of such closed bank, having due regard to the condition of credit in the locality; to enforce the individual liability of the stockholders and directors thereof; and to wind up the affairs of such closed bank in conformity with the provisions of law relating to the liquidation of closed national banks, except as herein otherwise provided. The Corporation as such receiver shall pay to itself for its own account such portion of the amounts realized from such liquidation as it shall be entitled to receive on account of its subrogation to the claims of depositors, and it shall pay to depositors and other creditors the net amounts available for distribution to them. The Corporation as such receiver, however, may, in its discretion, pay dividends on proved claims at any time after the expiration of the period of advertisement made pursuant to the aforesaid section of the Revised Statutes, and no liability shall attach to the Corporation itself or as such receiver by reason of any such payment for failure to pay dividends to a claimant whose claim is not proved at the time of any such payment. With respect to any such closed bank, the Corporation as such receiver shall have all the rights, powers, and privileges now possessed by or hereafter granted by law to a receiver of a national bank or district bank and notwithstanding any other provision of law in the exercise of such rights, powers, and privileges the Corporation shall not be subject to the direction or supervision of the Secretary of the Treasury or the Comptroller of the Currency.

"(e) Whenever any insured State bank (except a district bank) shall have been closed by action of its board of directors or by the authority having supervision of such bank, as the case may be, on account of inability to meet the demands of its depositors, the Corporation shall accept appointment as receiver thereof, if such appointment is tendered by the authority having supervision of such bank and is authorized or permitted by State law. With respect to any such insured State bank, the Corporation as such receiver shall possess all the rights, powers, and privileges granted by State law to a receiver of a State bank.

"(f) Whenever an insured bank shall have been closed on account of inability to meet the demands of its depositors, payment of the insured deposits in such bank shall be made by the Corporation as soon as possible, subject to the provisions of subsection (g) of this section either (1) by cash or (2) by making available to each depositor a transferred deposit in a new bank in the same community or in another insured bank in an amount equal to the insured deposit of such

depositor and subject to withdrawal on demand: *Provided*, That the Corporation, in its discretion, may require proof of claims to be filed before paying the insured deposits, and that in any case where the Corporation is not satisfied as to the validity of a claim for an insured deposit, it may require the final determination of a court of competent jurisdiction before paying such claim.

"(g) In the case of a closed national bank or District bank, the Corporation, upon the payment to any depositor as provided in subsection (f) of this section, shall be subrogated to all rights of the depositor against the closed bank to the extent of such payment. In the case of any other closed insured bank, the Corporation shall not make any payment to any depositor until the right of the Corporation to be subrogated to the rights of such depositor on the same basis as provided in the case of a closed national bank under this act shall have been recognized either by express provision of State law, by allowance of claims by the authority having supervision of such bank, by assignment of claims by depositors, or by any other effective method. In the case of any closed insured bank, such subrogation shall include the right on the part of the Corporation to receive the same dividends from the proceeds of the assets of such closed bank and recoveries on account of stockholders' liability as would have been payable to the depositor on a claim for the insured deposit, but such depositor shall retain his claim for any uninsured portion of his deposit: *Provided*, That, with respect to any bank which closes after May 25, 1933, the Corporation shall waive, in favor only of any person against whom stockholders' individual liability may be asserted, any claim on account of such liability in excess of the liability, if any, to the bank or its creditors, for the amount unpaid upon his stock in such bank; but any such waiver shall be effected in such manner and on such terms and conditions as will not increase recoveries or dividends on account of claims to which the Corporation is not subrogated: *Provided further*, That the rights of depositors and other creditors of any State bank shall be determined in accordance with the applicable provisions of State law.

"(h) As soon as possible after the closing of an insured bank, the Corporation, if it finds that it is advisable and in the interest of the depositors of the closed bank or the public, shall organize a new national bank to assume the insured deposits of such closed bank and otherwise to perform temporarily the functions hereinafter provided for. The new bank shall have its place of business in the same community as the closed bank.

"(i) The articles of association and the organization certificate of the new bank shall be executed by representatives designated by the Corporation. No capital stock need be paid in by the Corporation. The new bank shall not have a board of directors, but shall be managed by an executive officer appointed by the Board of Directors of the Corporation who shall be subject to its directions. In all other respects the new bank shall be organized in accordance with the then existing provisions of law relating to the organization of national banking associations. The new bank may, with the approval of the Corporation, accept new deposits which shall be subject to withdrawal on demand and which, except where the new bank is the only bank in the community, shall not exceed \$10,000 from any depositor. The new bank, without application to or approval by the Corporation, shall be an insured bank and shall maintain on deposit with the Federal Reserve bank of its district reserves in the amount required by law for member banks, but it shall not be required to subscribe for stock of the Federal Reserve bank. Funds of the new bank shall be kept on hand in cash, invested in obligations of the United States, or in obligations guaranteed as to principal and

interest by the United States, or deposited with the Corporation, with a Federal Reserve bank, or, to the extent of the insurance coverage thereon, with an insured bank. The new bank, unless otherwise authorized by the Comptroller of the Currency, shall transact no business except that authorized by this act and as may be incidental to its organization. Notwithstanding any other provision of law the new bank, its franchise, property, and income shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority.

"(j) Upon the organization of a new bank, the Corporation shall promptly make available to it an amount equal to the estimated insured deposits of such closed bank plus the estimated amount of the expenses of operating the new bank, and shall determine as soon as possible the amount due each depositor for his insured deposit in the closed bank, and the total expenses of operation of the new bank. Upon such determination, the amounts so estimated and made available shall be adjusted to conform to the amounts so determined. Earnings of the new bank shall be paid over or credited to the Corporation in such adjustment. If any new bank, during the period it continues its status as such, sustains any losses with respect to which it is not effectively protected except by reason of being an insured bank, the Corporation shall furnish to it additional funds in the amount of such losses. The new bank shall assume as transferred deposits the payment of the insured deposits of such closed bank to each of its depositors. Of the amounts so made available, the Corporation shall transfer to the new bank, in cash, such sums as may be necessary to enable it to meet its expenses of operation and immediate cash demands on such transferred deposits, and the remainder of such amounts shall be subject to withdrawal by the new bank on demand.

"(k) Whenever in the judgment of the Board of Directors it is desirable to do so, the Corporation shall cause capital stock of the new bank to be offered for sale on such terms and conditions as the Board of Directors shall deem advisable in an amount sufficient, in the opinion of the Board of Directors, to make possible the conduct of the business of the new bank on a sound basis, but in no event less than that required by section 5138 of the Revised Statutes, as amended (U. S. C., title 12, sec. 51), for the organization of a national bank in the place where such new bank is located. The stockholders of the closed insured bank shall be given the first opportunity to purchase any shares of common stock so offered. Upon proof that an adequate amount of capital stock in the new bank has been subscribed and paid for in cash, the Comptroller of the Currency shall require the articles of association and the organization certificate to be amended to conform to the requirements for the organization of a national bank, and thereafter, when the requirements of law with respect to the organization of a national bank have been complied with, he shall issue to the bank a certificate of authority to commence business, and thereupon the bank shall cease to have the status of a new bank, shall be managed by directors elected by its own shareholders and may exercise all the powers granted by law, and it shall be subject to all the provisions of law relating to national banks. Such bank shall thereafter be an insured national bank, without certification to or approval by the Corporation.

"(l) If the capital stock of the new bank is not offered for sale, or if an adequate amount of capital for such new bank is not subscribed and paid for, the Board of Directors may offer to transfer its business to any insured bank in the same community which will take over its assets, assume its liabilities,

and pay to the Corporation for such business such amount as the Board of Directors may deem adequate; or the Board of Directors in its discretion may change the location of the new bank to the office of the Corporation or to some other place or may at any time wind up its affairs as herein provided. Unless the capital stock of the new bank is sold or its assets are taken over and its liabilities are assumed by an insured bank as above provided within 2 years from the date of its organization, the Corporation shall wind up the affairs of such bank, after giving such notice, if any, as the Comptroller of the Currency may require, and shall certify to the Comptroller of the Currency the termination of the new bank. Thereafter the Corporation shall be liable for the obligations of such bank and shall be the owner of its assets. The provisions of sections 5220 and 5221 of the Revised Statutes (U. S. C., title 12, secs. 181 and 182) shall not apply to such new banks.

"Sec. 12. (a) Notwithstanding any other provision of law, the Corporation as receiver of a closed national bank or District bank shall not be required to furnish bond and shall have the right to appoint an agent or agents to assist it in its duties as such receiver, and all fees, compensation, and expenses of liquidation and administration thereof shall be fixed by the Corporation, and may be paid by it out of funds coming into its possession as such receiver.

"(b) Payment of an insured deposit to any person by the Corporation shall discharge the Corporation, and payment of a transferred deposit to any person by the new bank or by an insured bank in which a transferred deposit has been made available shall discharge the Corporation and such new bank or other insured bank, to the same extent that payment to such person by the closed bank would have discharged it from liability for the insured deposit.

"(c) Except as otherwise prescribed by the Board of Directors, neither the Corporation nor such new bank or other insured bank shall be required to recognize as the owner of any portion of a deposit appearing on the records of the closed bank under a name other than that of the claimant, any person whose name or interest as such owner is not disclosed on the records of such closed bank as part owner of said deposit, if such recognition would increase the aggregate amount of the insured deposits in such closed bank.

"(d) The Corporation may withhold payment of such portion of the insured deposit of any depositor in a closed bank as may be required to provide for the payment of any liability of such depositor as a stockholder of the closed bank, or of any liability of such depositor to the closed bank or its receiver, which is not offset against a claim due from such bank, pending the determination and payment of such liability by such depositor or any other person liable therefor.

"(e) If, after the Corporation shall have given at least 3 months' notice to the depositor by mailing a copy thereof to his last-known address appearing on the records of the closed bank, any depositor in the closed bank shall fail to claim his insured deposit from the Corporation within 18 months after the appointment of the receiver for the closed bank, or shall fail within such period to claim or arrange to continue the transferred deposit with the new bank or with the other insured bank which assumes liability therefor, all rights of the depositor against the Corporation with respect to the insured deposits, and against the new bank and such other insured bank with respect to the transferred deposit, shall be barred, and all rights of the depositor against the closed bank and its shareholders, or the receivership estate to which the Corporation may have become subrogated, shall thereupon revert to the depositor. The

amount of any transferred deposits not claimed within such 18 months' period, shall be refunded to the Corporation.

"Sec. 13. (a) Money of the Corporation not otherwise employed shall be invested in obligations of the United States or in obligations guaranteed as to principal and interest by the United States: *Provided*, That the Corporation shall not sell or purchase any such obligations for its own account and in its own right and interest, at any one time aggregating in excess of \$100,000, without the approval of the Secretary of the Treasury: *And provided further*, That the Secretary of the Treasury may waive the requirement of his approval with respect to any transaction or classes of transactions subject to the provisions of this subsection for such period of time and under such conditions as he may determine.

"(b) The banking or checking accounts of the Corporation shall be kept with the Treasurer of the United States, or, with the approval of the Secretary of the Treasury, with a Federal Reserve bank, or with a bank designated as a depository or fiscal agent of the United States: *Provided*, That the Secretary of the Treasury may waive the requirements of this subsection under such conditions as he may determine: *And provided further*, That this subsection shall not apply to the establishment and maintenance in any bank for temporary purposes of banking and checking accounts not in excess of \$50,000 in any one bank, or to the establishment and maintenance in any bank of any banking and checking accounts to facilitate the payment of insured deposits, or the making of loans to, or the purchase of assets of, insured banks. When designated for that purpose by the Secretary of the Treasury, the Corporation shall be a depository of public moneys, except receipt from customs, under such regulations as may be prescribed by the said Secretary, and may also be employed as a financial agent of the Government. It shall perform all such reasonable duties as depository of public moneys and financial agent of the Government as may be required of it.

"(c) In order to reopen a closed insured bank or, when the Corporation has determined that an insured bank is in danger of closing, in order to prevent such closing, the Corporation, in the discretion of its Board of Directors, is authorized to make loans to, or purchase the assets of, or make deposits in, such insured bank, upon such terms and conditions as the Board of Directors may prescribe, when in the opinion of the Board of Directors the continued operation of such bank is essential to provide adequate banking service in the community. Such loans and deposits may be in subordination to the rights of depositors and other creditors.

"(d) Receivers or liquidators of insured banks closed on account of inability to meet the demands of their depositors shall be entitled to offer the assets of such banks for sale to the Corporation or as security for loans from the Corporation, upon receiving permission from the appropriate State authority in accordance with express provisions of State law in the case of insured State banks. The proceeds of every such sale or loan shall be utilized for the same purposes and in the same manner as other funds realized from the liquidation of the assets of such banks. In any case where prior to the effective date of this amendment, the Comptroller of the Currency has appointed a receiver of a closed national bank other than the Corporation, he may, in his discretion, pay dividends on proved claims at any time after the expiration of the period of advertisement made pursuant to section 5235 of the Revised Statutes (U. S. C., title 12, sec. 193), and no liability shall attach to the Comptroller of the Currency or to the receiver of any such national bank by reason of any such payment for failure to pay dividends to a claimant whose

claim is not proved at the time of any such payment. The Corporation, in its discretion, may make loans on the security of or may purchase and liquidate or sell any part of the assets of an insured bank which is now or may hereafter be closed on account of inability to meet the demands of its depositors, but in any case in which the Corporation is acting as receiver of a closed insured bank, no such loan or purchase shall be made without the approval of a court of competent jurisdiction.

"(e) Whenever in the judgment of the Board of Directors such action will reduce the risk or avert a threatened loss to the Corporation and will facilitate a merger or consolidation of an insured bank with another insured bank, or will facilitate the sale of the assets of an open or closed insured bank to and assumption of its liabilities by another insured bank, the Corporation may, upon such terms and conditions as it may determine, make loans secured in whole or in part by assets of an open or closed insured bank, which loans may be in subordination to the rights of depositors and other creditors, or the Corporation may purchase any such assets or may guarantee any other insured bank against loss by reason of its assuming the liabilities and purchasing the assets of an open or closed insured bank. Any insured national bank or District bank, or the Corporation as receiver thereof, is authorized to contract for such sales or loans and to pledge any assets of the bank to secure such loans.

"(f) Prior to July 1, 1951, the Corporation shall pay out of its capital account to the Secretary of the Treasury and the Federal Reserve banks, respectively, an amount equal to 2 percent simple interest per annum on amounts advanced to the Corporation on stock subscriptions by the Secretary of the Treasury and such banks, from the time of such advances until the amounts thereof were repaid.

"Sec. 14. The Corporation is authorized to borrow from the Treasury, and the Secretary of the Treasury is authorized and directed to loan to the Corporation on such terms as may be fixed by the Corporation and the Secretary, such funds as in the judgment of the Board of Directors of the Corporation are from time to time required for insurance purposes, not exceeding in the aggregate \$3,000,000,000 outstanding at any one time: *Provided*, That the rate of interest to be charged in connection with any loan made pursuant to this section shall not be less than the current average rate on outstanding marketable and nonmarketable obligations of the United States as of the last day of the month preceding the making of such loan. For such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds of the sale of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include such loans. Any such loan shall be used by the Corporation solely in carrying out its functions with respect to such insurance. All loans and repayments under this section shall be treated as public-debt transactions of the United States.

"Sec. 15. All notes, debentures, bonds, or other such obligations issued by the Corporation shall be exempt, both as to principal and interest, from all taxation (except estate and inheritance taxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority: *Provided*, That interest upon or any income from any such obligations and gain from the sale or other disposition of such obligations shall not have any exemption, as such, and loss from the sale or other disposition of such obligations shall not have any special treatment, as such, under the

Internal Revenue Code, or laws amendatory or supplementary thereto. The Corporation, including its franchise, its capital, reserves, and surplus, and its income, shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that any real property of the Corporation shall be subject to State, Territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

"Sec. 16. In order that the Corporation may be supplied with such forms of notes, debentures, bonds, or other such obligations as it may need for issuance under this act, the Secretary of the Treasury is authorized to prepare such forms as shall be suitable and approved by the Corporation, to be held in the Treasury subject to delivery, upon order of the Corporation. The engraved plates, dies, bed pieces, and other material executed in connection therewith shall remain in the custody of the Secretary of the Treasury. The Corporation shall reimburse the Secretary of the Treasury for any expenses incurred in the preparation, custody, and delivery of such notes, debentures, bonds, or other such obligations.

"Sec. 17. (a) The Corporation shall annually make a report of its operations to the Congress as soon as practicable after the 1st day of January in each year.

"(b) The financial transactions of the Corporation shall be audited by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the Comptroller General of the United States. The audit shall be conducted at the place or places where accounts of the Corporation are normally kept. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files, and all other papers, things, or property belonging to or in use by the Corporation pertaining to its financial transactions and necessary to facilitate the audit, and they shall be afforded full facilities, for verifying transactions with the balances or securities held by depositaries, fiscal agents, and custodians. All such books, accounts, records, reports, files, papers, and property of the Corporation shall remain in possession and custody of the Corporation. The audit shall begin with financial transactions occurring on and after August 31, 1948.

"(c) A report of the audit for each fiscal year ending on June 30 shall be made by the Comptroller General to the Congress not later than January 15 following the close of such fiscal year. On or before December 15 following such fiscal year the Comptroller General shall furnish the Corporation a short form report showing the financial position of the Corporation at the close of the fiscal year. The report to the Congress shall set forth the scope of the audit and shall include a statement of assets and liabilities and surplus or deficit; a statement of surplus or deficit analysis; a statement of income and expenses; a statement of sources and application of funds and such comments and information as may be deemed necessary to inform Congress of the financial operations and condition of the Corporation, together with such recommendations with respect thereto as the Comptroller General may deem advisable. The report shall also show specifically any program, expenditure, or other financial transaction or undertaking observed in the course of the audit, which, in the opinion of the Comptroller General, has been carried on or made without authority of law. A copy of each report shall be furnished to the President, to the Secretary of the Treasury, and to the Corporation at the time submitted to the Congress.

"(d) For the purpose of conducting such audit the Comptroller General is authorized in his discretion to employ by contract, without regard to section 3709 of the Revised Statutes, professional services of firms and organizations of certified public accountants, with the concurrence of the Corporation, for temporary periods or for special purposes. The Corporation shall reimburse the General Accounting Office for the cost of any such audit as billed therefor by the Comptroller General, and the General Accounting Office shall deposit the sums so reimbursed into the Treasury as miscellaneous receipts.

"Sec. 18. (a) Every insured bank shall display at each place of business maintained by it a sign or signs, and shall include in advertisements relating to deposits a statement, to the effect that its deposits are insured by the Corporation. The Board of Directors shall prescribe by regulation the forms of such signs and the manner of display and the substance of such statements and the manner of use. For each day an insured bank continues to violate any provisions of this subsection or any lawful provisions of said regulations, it shall be subject to a penalty of not more than \$100, which the Corporation may recover for its use.

"(b) No insured bank shall pay any dividends on its capital stock or interest on its capital notes or debentures (if such interest is required to be paid only out of net profits) or distribute any of its capital assets while it remains in default in the payment of any assessment due to the Corporation; and any director or officer of any insured bank who participates in the declaration or payment of any such dividend or interest or in any such distribution shall, upon conviction, be fined not more than \$1,000 or imprisoned not more than 1 year, or both: *Provided*, That, if such default is due to a dispute between the insured bank and the Corporation over the amount of such assessment, this subsection shall not apply, if such bank shall deposit security satisfactory to the Corporation for payment upon final determination of the issue.

"(c) Without the prior written consent of the Corporation, no insured bank shall (1) merge or consolidate with any noninsured bank or institution or convert into a noninsured institution or assume liability to pay any deposits made in, or similar liabilities of, any noninsured bank or institution or (2) transfer assets to any noninsured bank or institution in consideration of the assumption of liability for any portion of the deposits made in such insured bank, and no insured State nonmember bank (except a District bank) without such consent shall reduce the amount or retire any part of its common or preferred capital stock, or retire any part of its capital notes or debentures.

"(d) No State nonmember insured bank (except a District bank) shall establish and operate any new branch unless it shall have the prior written consent of the Corporation, and no State nonmember insured bank (except a District bank) shall move its main office or any branch from one location to another without such consent. The factors to be considered in granting or withholding the consent of the Corporation under this subsection shall be those enumerated in section 6 of this act.

"(e) The Corporation may require any insured bank to provide protection and indemnity against burglary, defalcation, and other similar insurable losses. Whenever any insured bank refuses to comply with any such requirement the Corporation may contract for such protection and indemnity and add the cost thereof to the assessment otherwise payable by such bank.

"(f) Whenever any insured bank (except a national bank or a District bank), after written notice of the recommendations of the Corporation based on a report of examination of such bank by an examiner of the

Corporation, shall fail to comply with such recommendations within 120 days after such notice, the Corporation shall have the power, and is hereby authorized, to publish only such part of such report of examination as relates to any recommendation not complied with: *Provided*, That notice of intention to make such publication shall be given to the bank at least 90 days before such publication is made.

"(g) The Board of Directors shall by regulations prohibit the payment of interest on demand deposits in insured nonmember banks and for such purpose it may define the term 'demand deposits'; but such exceptions from this prohibition shall be made as are now or many hereafter be prescribed with respect to deposits payable on demand in member banks by section 19 of the Federal Reserve Act, as amended, or by regulation of the Board of Governors of the Federal Reserve System. The Board of Directors shall from time to time limit by regulation the rates of interest or dividends which may be paid by insured nonmember banks on time and savings deposits, but such regulations shall be consistent with the contractual obligations of such banks to their depositors. For the purpose of fixing such rates of interest or dividends, the Board of Directors shall by regulation prescribe different rates for such payment on time and savings deposits having different maturities, or subject to different conditions respecting withdrawal or repayment, or subject to different conditions by reason of different locations, or according to the varying discount rates of member banks in the several Federal Reserve districts. The Board of Directors shall by regulation define what constitutes time and savings deposits in an insured nonmember bank. Such regulations shall prohibit any insured nonmember bank from paying any time deposit before its maturity except upon such conditions and in accordance with such rules and regulations as may be prescribed by the Board of Directors, and from waiving any requirement of notice before payment of any savings deposit except as to all savings deposits having the same requirement. For each violation of any provision of this subsection or any lawful provision of such regulations relating to the payment of interest or dividends on deposits or to withdrawal of deposits, the offending bank shall be subject to a penalty of not more than \$100, which the Corporation may recover for its use.

"(h) Any insured bank which willfully fails or refuses to file any certified statement or pay any assessment required under this act shall be subject to a penalty of not more than \$100 for each day that such violations continue, which penalty the Corporation may recover for its use: *Provided*, That this subsection shall not be applicable under the circumstances stated in the proviso of subsection (b) of this section.

"Sec. 19. Except with the written consent of the Corporation, no person shall serve as a director, officer, or employee of an insured bank who has been convicted, or who is hereafter convicted, of any criminal offense involving dishonesty or a breach of trust. For each willful violation of this prohibition, the bank involved shall be subject to penalty of not more than \$100 for each day this prohibition is violated, which the Corporation may recover for its use.

"Sec. 20. It is not the purpose of this act to discriminate in any manner against State nonmember banks and in favor of national or member banks; but the purpose is to provide all banks with the same opportunity to obtain and enjoy the benefits of this act. No bank shall be discriminated against because its capital stock is less than the amount required for eligibility for admission into the Federal Reserve System.

"Sec. 21. The provisions of this act limiting the insurance of the deposits of any depositor to a maximum less than the full amount shall be independent and separable

from each and all of the provisions of this act."

Sec. 3. The third paragraph of section 709, title 18, United States Code, is amended to read as follows:

"Whoever, except as expressly authorized by Federal law, uses the words 'Federal Deposit,' 'Federal Deposit Insurance,' or 'Federal Deposit Insurance Corporation' or a combination of any three of these words, as the name or a part thereof under which he or it does business, or advertises or otherwise represents falsely by any device whatsoever that his or its deposit liabilities, obligations, certificates, or shares are insured or guaranteed by the Federal Deposit Insurance Corporation, or by the United States or by any instrumentality thereof, or whoever advertises that his or its deposits, shares, or accounts are federally insured, or falsely advertises or otherwise represents by any device whatsoever the extent to which or the manner in which the deposit liabilities of an insured bank or banks are insured by the Federal Deposit Insurance Corporation; or."

Sec. 4. Section 220, title 18, United States Code, is amended to read as follows:

"Whoever, being an officer, director, employe, agent, or attorney of any bank, the deposits of which are insured by the Federal Deposit Insurance Corporation, of a Federal intermediate credit bank, or of a National Agricultural Credit Corporation, except as provided by law, stipulates for or receives or consents or agrees to receive any fee, commission, gift, or thing of value, from any person, firm, or corporation, for procuring or endeavoring to procure for such person, firm, or corporation, or for any other person, firm, or corporation, from any such bank or corporation, any loan or extension or renewal of loan or substitution of security, or the purchase or discount or acceptance of any paper, note, draft, check, or bill of exchange by any such bank or corporation, shall be fined not more than \$5,000 or imprisoned not more than 1 year or both."

Mr. SPENCE (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the bill be considered as read, that the bill and committee amendments be printed, that the committee amendments be considered at this time and that the bill be open for amendment at any point. At the conclusion of the reading of the committee amendments, which are not controversial, I shall move that the Committee rise.

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

There was no objection.

The Clerk read the committee amendments, as follows:

Page 12, strike out lines 10 and 11 and substitute in lieu thereof the following: "drafts drawn by it on deposit accounts in other banks which are issued in the regular course of business; and the amount of any advices or authorizations, issued by it for cash letters received, directing that its deposit account in the sending bank be charged with the amount thereof."

Page 13, line 2, insert "semiannual" immediately before the word "period."

Page 25, line 2, beginning with the word "Except", strike out all down to and including the word "brought." on line 5.

Page 26 immediately following line 10 insert the following:

"Eleventh. When approved by the President, the Corporation is hereby authorized to purchase a building or to acquire a site at the seat of the Federal Government and to construct thereon a building suitable for the use of the Corporation, at a total cost of not to exceed \$15,000,000 for building and site, to

be paid for by the Corporation and any payment or payments of such cost shall be considered as operating costs and expenses of the Corporation in determining net assessment income under section 7 (d) of this act: *Provided*, That the selection of such site shall be subject to the approval of the National Capital Park and Planning Commission, and that the design for such building shall be subject to the approval of the Commission of Fine Arts: *Provided further*, That the facilities of the Administrator of General Services shall be utilized, in the manner approved by the Corporation, in the acquisition of such site, the preparation of all necessary plans, drawings, and specifications, the making of all necessary contracts, and the supervision of the construction of such buildings and said Administrator shall provide any other available facilities, including steam, upon request of the Corporation. Upon request of the Corporation the Administrator of General Services is authorized to spend funds for advance planning to prepare drawings and specifications prior to the approval of the title to any such acquisition. The Corporation shall reimburse the Administrator of General Services for any costs and expenses in furnishing such services and facilities in such amount as may be agreed to by the Corporation and the Administrator of General Services. The Board of Directors shall have exclusive authority to manage and service said building and to determine and provide for all of the Corporation's office space requirements."

Page 28, strike out all of lines 9 through 17 and "bank", on line 18, and insert in lieu thereof the following: "examine any insured bank, any bank making application to become an insured bank, and any closed insured bank, whenever in the judgment of the Board of Directors an examination of the bank is necessary."

Page 31, line 18, strike out "proof of" and insert in lieu thereof "admissible to prove."

Page 34, line 21, insert after "bank", the following "or of any noninsured national bank or district bank hereafter closed."

Page 36, line 25, strike out "and subject to withdrawal on demand."

Page 46, lines 18 and 19, strike out "Corporation has determined that an insured bank is in danger of closing" and insert in lieu thereof "Board of Directors deems it necessary."

Page 46, line 20, strike out "such closing" and insert in lieu thereof "the closing of an insured bank."

Page 46, line 23, strike out "or make deposits in."

Page 46, line 24, beginning with the word "prescribe" strike out all down to and including "community," on page 47, line 2, and insert in lieu thereof "prescribe."

Page 47, line 2, strike out "and deposits."

Page 49, immediately following line 2 add the following new paragraph:

"No agreement which tends to diminish or defeat the right, title, or interest of the Corporation in any asset acquired by it under this section, either as security for a loan or by purchase, shall be valid against the Corporation unless such agreement (1) shall be in writing, (2) shall have been executed by the bank and the person or persons claiming an adverse interest thereunder, including the obligor, simultaneously with the acquisition of the asset by the bank, (3) shall have been approved by the board of directors of the bank or its loan committee, which approval shall be reflected in the minutes of said board or committee, and (4) shall have been, continuously, from the time of its execution, an official record of the bank."

Page 49, line 17, strike out "out of its capital account."

Page 49, line 18, strike out "and the Federal Reserve banks, respectively."

Page 49, line 21, strike out "such" and insert in lieu thereof "the Federal Reserve."

Page 49, at the end of line 23, add the following sentence: "The amount payable hereunder shall be considered as operating costs and expenses of the Corporation in determining the net assessment income under section 7 (d) of this act."

Page 54, line 18, strike out "in advertisements relating to deposits"; and on line 19 strike out the comma.

Page 54, line 20, insert immediately before the period the following: "in all of its advertisements: *Provided*, That the Board of Directors may exempt from this requirement advertisements which do not relate to deposits or when it is impractical to include such statement therein."

Page 59, line 23, insert "(a)" following "Sec. 3."

The committee amendments were agreed to.

The Clerk read as follows:

Committee amendment: Page 60, immediately following line 14, insert the following new subsection:

"(b) The eleventh paragraph of section 709, title 18, United States Code, is amended by adding the following new sentence at the end thereof: 'The use of the contraction "Federal Savings Insurance Corporation" or the initials "FSIC" shall not be construed as a violation of this section.'"

Mr. WOLCOTT. Mr. Chairman, I reserve a point of order against the amendment. I do not think that the point of order will be disposed of this afternoon, and I do not know that I will press the point of order. I ask unanimous consent that my reservation of the point of order upon this amendment be considered after the consideration of other amendments to the bill.

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

There was no objection.

The Clerk read as follows:

Committee amendment: Page 61, immediately following line 13, add the following new section:

"Sec. 5. Subsection (b) of section 405 of title IV of the National Housing Act, as amended, is amended to read as follows:

"(b) In the event of a default by any insured institution, payment of each insured account in such insured institution which is surrendered and transferred to the Corporation shall be made by the Corporation as soon as possible either (1) by cash or (2) by making available to each insured member a transferred account in a new insured institution in the same community or in another insured institution in an amount equal to the insured account of such insured member: *Provided*, That the Corporation, in its discretion, may require proof of claims to be filed before paying the insured accounts, and that in any case where the Corporation is not satisfied as to the validity of a claim for an insured account, it may require the final determination of a court of competent jurisdiction before paying such claim."

Mr. WOLCOTT. Mr. Chairman, I make the same reservation of a point against that amendment.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The CHAIRMAN. Are there any other committee amendments?

Mr. SPENCE. There are other amendments, Mr. Chairman, that may be controversial, that are not committee amendments.

Mr. WOLCOTT. Mr. Chairman, if the gentleman will yield, I might say that I do not think the amendment which I understand the gentleman from Kentucky is to offer on page 45, is controversial, if the gentleman will offer it now.

Mr. SPENCE. No; it is not controversial. I do not think there is any objection to it; in fact, I am sure there is not.

Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment by Mr. SPENCE:

On page 15, line 4, strike out "1949, and" and insert in lieu thereof "1950, and as of December 31 of."

On page 15, line 9, after the word "bank", insert "becoming due," and strike out the words "Such credits" and insert in lieu thereof "Each year such credit."

On page 15, line 11, strike out the word "assessments" and insert in lieu thereof "assessment."

On page 15, line 12, insert before the period the following "and any excess credit shall be applied upon the assessment next becoming due."

The amendment was agreed to.

Mr. SPENCE. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. FORAND, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (S. 2822) to amend the Federal Deposit Insurance Act (U. S. C., title XII, sec. 264), had come to no resolution thereon.

GENERAL LEAVE TO EXTEND REMARKS

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days to extend their remarks on the bill S. 2822.

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

There was no objection.

AMENDING SYNTHETIC LIQUID FUELS ACT

Mr. PETERSON. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 8975) to amend the Synthetic Liquid Fuels Act, as amended.

The Clerk read the title of the bill.

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

Mr. CRAWFORD. Reserving the right to object, Mr. Speaker, will the chairman of the committee explain the bill?

Mr. PETERSON. This is an extension of the synthetic fuels bill, moving up the period 3 years longer, and providing additional funds during that period of time. An extension came up on a previous occasion and it passed the House unanimously. It has done good work. The time is just about to expire. The funds run out the early part of next year and the actual life runs out the spring of the following year.

Mr. CRAWFORD. In other words, this Synthetic Fuels Act started back in 1944, when the Congress laid down the

policy of developing synthetic fuels from oil shale, lignite coal, gasification of coal underground, and the production of synthetic gas, at which time we appropriated some \$30,000,000 to be spent over a 5-year period for research and pilot-plant work.

Mr. PETERSON. Yes.

Mr. CRAWFORD. At the end of 1948, I believe, we extended it another 3 years.

Mr. PETERSON. That is correct.

Mr. CRAWFORD. We gave them then an appropriation of \$30,000,000. This is a third extension, for an additional 3 years, with an appropriation of \$27,600,000.

Mr. PETERSON. That is correct.

Mr. CRAWFORD. This gives us an 11-year program with a total expenditure of \$87,600,000.

Mr. PETERSON. That is correct. Uniformly industry and Government have praised the program. It has been of untold benefit.

Mr. CRAWFORD. That is my understanding. I withdraw my reservation of objection, Mr. Speaker.

Mr. PHILLIPS of California. Reserving the right to object, Mr. Speaker, may I ask the gentleman if this is a bill to cover only a situation in which an experiment is being carried on to transpose, we will say, coal into a different type of fuel, or is it broad enough to cover a situation in which an experiment could be carried on to transpose the coal itself into power at the mine, instead of transporting the coal to be used somewhere else for the production of power?

Mr. PETERSON. We make no change in existing law. We merely extend the period. The existing law provides for producing synthetic liquid fuels from coal, oil shale, and other substances. It is rather broad in its power.

The gentleman from Michigan [Mr. CRAWFORD] may care to comment on the gentleman's question. He has given a great deal of study to this matter.

Mr. CRAWFORD. The research in the pilot-plant work is doing an enormous amount of work in connection with the study of the gasification of coal at its natural location, or in the ground.

Mr. PHILLIPS of California. Not only the gasification but actually the transfer of the coal into power there?

Mr. CRAWFORD. That is correct. It covers every phase of the conversion of oil shale and lignite coal and bituminous coal, and even peat, going into the question of peat bogs up in some of our States where the price of soft coal has now advanced to approximately \$18 a ton, which becomes extremely burdensome.

This covers the whole field. I have gone into the matter rather in detail with a large coal company, such as the Hannah Coal Co. and Babcock-Wilcox people, and all the oil people, such as Standard Oil, Phillips Petroleum, Pure Oil, and the big chemical companies, and as far as I can find out the administration of these funds and this whole program is being carried on with extraordinary approval of all the different branches of the industry looking forward to giving us fuel at greatly reduced cost at the mine location, as the gentleman has pointed out.

Mr. PHILLIPS of California. Mr. Speaker, I thank the gentleman and withdraw my reservation of objection.

Mr. STAGGERS. Mr. Speaker, the original synthetic fuel bill was passed in 1944. It was an emergency need because of the war and we were running low on gasoline and oil. It was mainly for research and investigation in the mining operations and utilization of coal, petroleum, and other minerals. The original act was for a 5-year period. In 1948 it was extended for a 3-year period until April 5, 1952, and that is the intent of this new bill, H. R. 8975, to extend the act for another 3 years. To all intents and purposes we are at war again.

The United States is hard pressed for chemicals and byproducts of coal and oil, and it is through such experimentation as carried on in this work that they are discovered and made available to the American people.

The program has been in operation now for 6 years and we cannot afford to stop it; as I said before, we are at war, and we do not want to be caught like we were with the synthetic-rubber industry at the start of World War II, as an all-out contest between the ideologies of communism and Christianity develops. As I have said many times in the past 2 years, I feel the ones who believe in these two theories will never be able to live side by side peacefully for one is based on godlessness and the other on the teachings of the Master of Galilee.

This is a long-range program and is for the best interests of those Americans who are to come after us, for we are developing more and more into a mechanical Nation in which we are needing all kinds of liquid fuels. This program does not put the Government in business at all, for all the knowledge and modern methods developed in these plants is made available to all of the industries of the Nation.

As for the Morgantown plant, it is one of the fundamental research laboratories in the entire system. Since the present establishment is temporary and not now adequate for their needs, other quarters would have to be made available in the form of a permanent plant. When this is done the work at this station will be increased to include service to the petroleum fields of the entire Appalachian region. I think it is one of the most important bills to come before the Congress at the present time.

Mr. DEWART. Mr. Speaker, reserving the right to object, as a member of the Mines and Mining Subcommittee of the Committee on Public Lands we have gone into this bill to quite an extent. We have visited some of these plants, particularly the Rifle plant at Colorado. We have heard testimony from the Bureau of Mines. This is an important bill in connection with the war effort. You will remember that Germany depended very largely on synthetic fuels for the operation of its war machinery during the last war. You will also remember that in this country we were very short of gasoline and other fuels. This experiment and this work to be carried on under this bill can be of im-

measurable benefit to the country in supplementing our power resources for the war effort at the present time. I think it is important legislation and should be enacted.

Mr. PETERSON. That was well developed in the committee.

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

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Synthetic Liquid Fuels Act of April 5, 1944 (58 Stat. 190), as amended by the act of March 15, 1948 (62 Stat. 79), is further amended by changing the words "eight years" in the first sentence to read "eleven years", and by changing the amount "\$60,000,000" in section 6 to read "\$85,000,000."

With the following committee amendment:

Strike all after the enacting clause and insert in lieu thereof the following language: "That the Synthetic Liquid Fuels Act of April 5, 1944 (58 Stat. 190), as amended by the act of March 15, 1948 (62 Stat. 79), is further amended by changing the words "eight years" in the first sentence to read "eleven years," and by changing the amount "\$60,000,000" in section 6 to read "\$87,600,000."

"Sec. 2. Of the sum authorized in section 1 of this act, not to exceed \$2,600,000 shall be used for the construction and equipment of an experiment station in or near Morgantown, W. Va., for research and investigation in the mining, preparation and utilization of coal, petroleum, natural gas, peat, and other minerals."

The committee amendment was agreed to.

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

PERMISSION TO ADDRESS THE HOUSE

Mr. McCONNELL. 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 Pennsylvania?

There was no objection.

PERSONAL ANNOUNCEMENT

Mr. McCONNELL. Mr. Speaker, due to the fact of an operation to a member of my family in Philadelphia I was necessarily delayed in taking a train to the Capital today. Because of that I missed the vote on roll call No. 210 on the bill to amend the Mutual Assistance Act of 1949.

If I had been here in time and voting, I would have voted "aye."

CRIME INVESTIGATION IN DISTRICT OF COLUMBIA

Mr. STANLEY. Mr. Speaker, by direction of the Committee on House Administration, I offer a privileged resolution (H. Res. 495), and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That the expenses of conducting the studies and investigations authorized by House Resolution 340, Eighty-first Congress, first session, incurred by the Committee on the District of Columbia, not to exceed \$40,000, in addition to the funds authorized by House Resolution 396, Eighty-first Con-

gress, first session, including the expenditures for the employment of expert, special council, and clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by such committee, and signed by the chairman of the committee, and approved by the Committee on House Administration.

With the following committee amendment:

Line 4, strike out "\$40,000" and insert "\$20,000" in lieu thereof.

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

Mr. STANLEY. I yield.

Mr. LECOMPTE. By this amendment the Committee on House Administration has cut the amount asked in two, is that not correct?

Mr. STANLEY. The gentleman is correct.

Mr. LECOMPTE. I want to say for the benefit of the House that the Committee on House Administration has reduced the amounts asked by all the special committees which have come before the Subcommittee on Accounts. Of course, when the House by an overwhelming vote decides to have an investigation, there is nothing that the Committee on House Administration can do but furnish the money for the investigation. But the subcommittee, headed by the gentleman from Virginia [Mr. STANLEY], and the committee headed by the gentlewoman from New Jersey [Mrs. NORTON], have tried to hold down these appropriations, and in practically every case have reduced the amount that has been asked for. Is that not true?

Mr. STANLEY. That is generally true. I think some of the resolutions have gone through for the amounts as requested.

Mr. LECOMPTE. There are three or four other similar resolutions which the gentleman proposes to submit to the House today?

Mr. STANLEY. That is correct.

Mr. LECOMPTE. The one presently before the House is for the expenses of the committee that is engaged in investigating crime in the District of Columbia. The District of Columbia has been described as the worst spot in the United States as far as crime is concerned. I do not know that that is true, but that has been said of Washington and the District of Columbia. I believe the situation justifies the \$20,000 that is asked for in this resolution.

Mr. STANLEY. I thank the gentleman.

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

Mr. STANLEY. I yield.

Mr. MARTIN of Massachusetts. If the committee knows that crime is so bad in Washington, why do they not do something about enforcing the laws instead of investigating crime?

Mr. STANLEY. It is proposed, when the investigation is completed, to offer remedial legislation.

Mr. MARTIN of Massachusetts. Well, why wait? You say you know about it. Why not go ahead?

Mr. STANLEY. The investigation has not been completed.

Mr. MARTIN of Massachusetts. But do we not start to make prosecutions whenever we see crime is obvious?

Mr. STANLEY. I understand the committee will bring in their final report as soon as they have completed their investigation.

Mr. MARTIN of Massachusetts. The gentleman is not very definite in his statement.

The committee amendment was agreed to.

The resolution was agreed to.

A motion to reconsider was laid on the table.

INVESTIGATION BY COMMITTEE ON MERCHANT MARINE AND FISHERIES

Mr. STANLEY. Mr. Speaker, by direction of the Committee on House Administration, I offer a privileged resolution (H. Res. 652), with an amendment, and ask for its immediate consideration.

The Clerk read the resolution as follows:

Resolved, That the expenses of the investigation to be conducted pursuant to House Resolution 643, by the Committee on Merchant Marine and Fisheries, acting as a whole or by subcommittee, not to exceed \$25,000, including expenditures for the employment of investigators, attorneys, and clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by such committee or subcommittee, signed by the chairman of such committee or subcommittee, and approved by the Committee on House Administration.

Committee amendments:

Strike out "\$25,000" and insert "\$15,000."

Strike out the words "or subcommittee."

The committee amendments were agreed to.

The resolution was agreed to.

A motion to reconsider was laid on the table.

INVESTIGATION BY SPECIAL COMMITTEE

Mr. STANLEY. Mr. Speaker, I offer a privileged resolution (H. Res. 690) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That the expenses of the investigations to be conducted by the special committee created by House Resolution 635, not to exceed \$50,000, including expenditures for the employment of investigators, attorneys, and clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by such committee, signed by the chairman of such committee, and approved by the Committee on House Administration.

Committee amendment: Strike out "\$50,000" and insert "\$40,000."

The committee amendment was agreed to.

The resolution was agreed to.

A motion to reconsider was laid on the table.

ADDITIONAL PAY TO EMPLOYEES OF GOVERNMENT PRINTING OFFICE

Mr. STANLEY. Mr. Speaker, I offer House concurrent resolution (H. Con. Res. 233) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved by the House of Representatives (the Senate concurring), That, effective August 1, 1950, there shall be paid, one-half out of the contingent fund of the Senate and one-half out of the contingent fund of the House of Representatives, until otherwise provided by law, to employees of the Government Printing Office engaged in the preparation of the semimonthly and session indexes of the CONGRESSIONAL RECORD, additional compensation per annum, payable monthly, as follows:

(1) To the chief indexer, the sum of \$2,454.
(2) To the cataloger whose present salary is \$5,111, the sum of \$1,489.
(3) To each of the two catalogers whose present salary is \$4,068, the sum of \$1,560.
(4) To the cataloger whose present salary is \$3,515, the sum of \$1,500.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PRINTING ADDITIONAL COPIES OF HEARINGS ON S. 1832

Mr. STANLEY. Mr. Speaker, I offer Senate concurrent resolution (S. Con. Res. 96) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved by the Senate (the House of Representatives concurring), That there be printed five thousand additional copies of the hearings conducted before a subcommittee of the Senate Committee on the Judiciary on S. 1832, Eighty-first Congress, first session, to amend the Immigration Act of October 16, 1918, as amended. Such additional copies shall be for the use of the Senate Committee on the Judiciary.

The resolution was agreed to.

A motion to reconsider was laid on the table.

OIL PORTRAIT AND MARBLE BUST OF THE LATE JUSTICE HARLAN F. STONE

Mr. STANLEY. Mr. Speaker, by direction of the Committee on House Administration I call up the joint resolution (H. J. Res. 501) to authorize the procurement of an oil portrait and marble bust of the late Justice Harlan F. Stone.

The Clerk read the joint resolution, as follows:

Resolved, etc., That (a) the marshal of the Supreme Court of the United States, subject to the direction and approval of the Chief Justice of the United States, is authorized and directed to procure an oil portrait and a marble bust, including pedestal, of the late Chief Justice Harlan F. Stone, and to cause them to be placed in the United States Supreme Court Building.

(b) There is hereby authorized to be appropriated the sum of not to exceed \$6,000 to carry out the purposes of this joint resolution.

The joint resolution was agreed to.

A motion to reconsider was laid on the table.

SPECIAL ORDER GRANTED

Mr. MCKINNON (at the request of Mr. HAYS of Arkansas) was given permission to address the House for 30 minutes on Monday next, following the legislative business of the day and any special orders heretofore entered.

TWENTIETH-CENTURY MINUTEMEN

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

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

There was no objection.

Mr. DAVENPORT. Mr. Speaker, current headlines tell of the armor we are dispatching to our hard-pressed forces in South Korea and of our generals who are directing our fighting forces there. But little is said of the heroic and valiant deeds, far beyond the call of duty, that our mud-slogging GI's, the boys from your home town and mine, are daily accomplishing there. These are our twentieth-century minutemen upon whom the fate of western civilization may ultimately depend. In their struggle against odds that surpass anything experienced by our forces during World War II, we must convey to them all the tribute and honor that this proud Nation can muster. Whatever we did for our brave soldiers in the war against Hitler, Mussolini, and Tojo, we must do for these boys. I hope that their mothers, wherever they are today throughout our great Nation, feel America's pride in their children. Let us back up these brave boys by staying at our jobs without respite until the tide of battle has safely turned. I call upon this Congress to go on record that it will not adjourn as long as these boys face peril. I call upon this Congress to stay in session to its last minute, if necessary, to insure complete and rapid victory.

EXTENSION OF REMARKS

Mr. ALBERT asked and was given permission to extend his remarks and include an address by R. W. Frazier, of Southeastern State College, Durant, Okla.

Mr. VAN ZANDT (at the request of Mr. MARTIN of Massachusetts) was given permission to extend his remarks and include a newspaper article.

Mr. MULTER asked and was given permission to extend his remarks in two separate instances and in each to include extraneous matter.

Mr. MULTER asked and was given permission to extend in the Appendix of the RECORD a proposal made by Walter P. Reuther, president of UAW-CIO entitled "A Total Peace Offensive" notwithstanding the fact that it will take 5½ pages of the RECORD and is estimated by the Public Printer to cost \$464.68.

Mr. BIEMILLER asked and was given permission to extend his remarks in two separate instances.

Mr. BUCHANAN asked and was given permission to revise and extend the remarks he made in the Committee of the Whole today and include therein excerpts from House Report No. 846.

Mr. HAVENNER asked and was given permission to extend his remarks and include an editorial.

Mr. DEWART asked and was given permission to extend his own remarks in the RECORD.

Mr. HARVEY asked and was given permission to extend his own remarks in the RECORD.

Mr. SMITH of Wisconsin asked and was given permission to extend his remarks and include an editorial.

Mr. CANFIELD asked and was given permission to extend his remarks and include a newspaper article.

SPECIAL ORDER

The SPEAKER. Under the previous order of the House, the gentleman from Alabama [Mr. HOBBS] is recognized for 10 minutes.

Mr. HOBBS. Mr. Speaker, I ask unanimous consent to extend in the RECORD at this point an editorial appearing in this morning's Washington Post.

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

There was no objection.

(The editorial referred to follows:)

NOT THE AMERICAN WAY

Passage of the Hobbs bill by a vote of 326 to 15 in the House must be regarded as a popular demand for tightening up the law in regard to deportable aliens. Since the bill was debated for only 40 minutes, it is reasonable to suppose that many Members who voted for it were not familiar with its details. They voted affirmatively, we suspect, because they believe that subversive and criminal aliens should not be allowed to roam the country without check or supervision so long as the countries from which they came refuse to take them back again. We sympathize with that point of view while deploring the drastic remedy that the Hobbs bill would apply.

The bill has been substantially improved by amendment. Its most drastic provisions are aimed only at alien criminals and subversives who have been found guilty of violating the law and then ordered deported. Certainly aliens of this type should not be footloose merely because the country from which they came is unwilling to receive them. In some instances subversives from the iron-curtain countries continue to do their nefarious work here because regimes which sent them to the United States refuse to take them back again. This makes a mockery of American law. We should not put ourselves at the mercy of communistic agents in this fashion. But we ought to deal with these people in accord with the pattern of American justice and not merely give the Attorney General power to throw them into concentration camps, which is the Communist method.

The bill would not require imprisonment of the deportable aliens in question. As an alternative, the Attorney General could require them to report regularly to the Immigration and Naturalization Service, to submit to medical and psychiatric examination, to give information under oath as to their habits and activities, and to conform to reasonable regulations to be laid down by the Attorney General, until their deportation could be arranged. Properly administered, this section of the bill would afford a salutary check upon the activities of the underscrables in question. It would enable the Government to keep close watch on what they were doing. Under even the amended bill, however, the Attorney General could step in at any time and order that any alien so controlled and supervised be sent to prison.

It is this provision that is utterly out of keeping with the American concept of due process. We have no doubt that some of the subversive deportable aliens now at large ought to be locked up. But let it be done by bringing proper charges and giving each a fair trial. Proponents of the bill made much of the fact that the individuals concerned have already been tried. But they have also paid the penalty for the offenses for which they have been convicted.

What is involved under this bill is a second punishment, without any second trial, merely because deportation cannot be carried out. This is certainly un-American and probably unconstitutional. No such sweeping discretion should be vested in the Attorney General.

Any extensive exercise of this power would result in the establishment of concentration camps. The experience of other countries has proved that once established, the concentration-camp habit grows. How long would it be before citizens regarded as dangerous to our national security would be thrown into concentration camps without trial? The only safe and reasonable course is to hold fast to the principle of imprisoning people only for crimes for which they have been convicted through our established judicial process. The maintenance of liberty within the country is no less important than defense against enemies without. It is up to the Senate to reshape the Hobbs bill into an effective control system over aliens awaiting deportation without turning over to the Attorney General the power to make the United States a concentration-camp country.

DEPORTATION OF CERTAIN ALIENS

Mr. HOBBS. Mr. Speaker, I want to comment on an editorial that appeared in the Washington Post this morning which at one point made almost as good a speech as some of those that were made in favor of H. R. 10 Monday when that bill was passed by a vote of 326 to 15.

I read one of the passages that I think is excellent:

Its most drastic provisions are aimed only at alien criminals and subversives who have been found guilty of violating the law and then ordered deported. Certainly aliens of this type should not be footloose merely because the country from which they came is unwilling to receive them. In some instances subversives from the iron-curtain countries continue to do their nefarious work here because regimes which sent them to the United States refuse to take them back again. This makes a mockery of American law. We should not put ourselves at the mercy of communistic agents in this fashion.

Now, that quote from the editorial meets with my hearty approval. But the gentleman who wrote the editorial was mistaken in his opening statement, which is as follows:

Passage of the Hobbs bill by a vote of 326 to 15 in the House must be regarded as a popular demand for tightening up the law in regard to deportable aliens.

Mr. Speaker, that is one of the fundamental errors into which the distinguished editor has fallen. This bill, H. R. 10, has nothing in the world to do with deportable aliens, but those that have been finally ordered by legitimate authorities of your Nation and mine to be deported after exhausting all of the remedies provided by law to protect their rights. It is only after the warrant of deportation, which is the final step after all of the courts have spoken, has been issued that this bill takes effect and when after this alien, who has been received into our country, not forced to come here but by our grace, and who has violated his sworn pledge of allegiance to our institutions, our laws, and to the United States, into which he has been allowed to come as our guest, violates his oath of entry, tramples our laws underfoot and is a criminal alien in our midst, who

finally, after exhausting all of his remedies in the courts, has been ordered deported by the sovereign might of our Nation, as every free nation has, which has been thwarted in some way, usually by bribery of some petty officer of a foreign nation.

That is what the experts tell me. Of course, Russia does not want those who come here as propagandists of their fifth column to come back home if they are doing good work here. So, the big shots stay unmolested, because there never has been a single passport for the return of one of them ever granted by Russia, although in one case 13 applications of your Government were turned down flat, cold, and then a few months later when the man himself applied he got it in 5 days. So, the manifest joker in it is just that. It is not the deportable aliens; it is those that have been ordered finally deported.

I want to tell you the story very briefly of the Joe Strecker case. Joe Strecker was a tailor in Little Rock, Ark. He did well; he was thrifty, hardworking, made money, and he invested every cent of his money in Soviet bonds, because he said he believed in the principles of Soviet Russia; that he was a member of the Communist Party and that he knew that the bloody purge, the world purge, was coming to capitalist countries, and he wanted to be on the right side when our Government was overthrown. So, he put every cent of his savings in Soviet bonds. Well, when the law which said then that all Communists, or those who had any traffic with that organization which aims at the overthrow of our Government by force and violence—so the courts have held—were subject to arrest, Joe Strecker was arrested, was tried by the administrative tribunal of our Bureau of Immigration and Naturalization. Then, when they declared that he should be deported, he asked for a writ of habeas corpus, and habeas corpus has been pooh-poohed on this floor in debate as though it did not amount to anything but due process of law. But, on the habeas corpus hearing in the court at Little Rock, Ark., he was ordered deported. His application for a writ of habeas corpus was denied and he was ordered turned over to the immigration authorities, but while the immigration authorities were taking him to New Orleans to put him on the boat he hired a lawyer, went before Judge Borah, the former Senator's brother, who was United States judge at New Orleans, swore out another writ of habeas corpus, had another trial, and Judge Borah, after a full hearing, turned him down. He took an appeal then to the Fifth Circuit Court of Appeals. The Fifth Circuit Court of Appeals gave him a full hearing and a trial on appeal, such as they always do, and they reversed Judge Borah and held that he ought to be freed because he had resigned from the Communist Party pending the deportation proceedings. So, that settled that habeas corpus case.

Mr. BOYKIN. Mr. Speaker, if the gentleman will yield, what happened to this man?

Mr. HOBBS. I am going on to tell you. I thank the gentleman for the question.

Then, after the Fifth Circuit Court of Appeals had ordered him freed because he failed to pay his dues or had resigned, maybe, the Government took certiorari to the Supreme Court and the Supreme Court upheld that contention and that decision by the Fifth Circuit Court of Appeals. They said, "Why, it is manifest that when the law says that you can only deport those men prosecuted in this case because they were Communists, that means at the present time. If a man has resigned or failed to pay his dues, then he has ceased to be a Communist." So they construed the law that way.

I had the pleasure of getting the statute changed to say that any man who had ever been a member of the Communist Party, no matter for how short or how long a time, or how long in the past, or where, should be deportable. Then that was too late to catch Joe Strecker. The Supreme Court freed him, and he is just as free today as you are or anybody else, but he says he has not changed his convictions a particle and, so far as I know, he may still be investing every cent of his savings, money earned here, in Soviet bonds.

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

Mr. HOBBS. I yield to the gentleman from Texas.

Mr. LUCAS. I think the gentleman has pointed out a flaw in the present Taft-Hartley law in relation to the anti-Communist oath. The gentleman knows that it is written in the present tense. A labor leader who is a Communist may throw away his card and say, "I am not now a Communist," and retain his place by taking an oath in the present tense. I think it is a good thing the gentleman has changed this law to this effect. I believe we should change the Taft-Hartley law to give greater protection to our workmen.

Mr. HOBBS. I thank the gentleman very much for that contribution. I hope any such error will obviate any question about such a decision as was rendered in the Joe Strecker case.

The Joe Strecker case pointed out to me and to those of us who are thinking on this point why we could not deport Harry Bridges, because Harry Bridges quit the Communist Party in 1938 after he had been, according to the evidence, to several international and national meetings as Comrade Something-or-Other. He had several aliases. But he finally quit when they got too hot behind him. So he was not at the moment a Communist, and under the Strecker decision he would have continued to be free. So it is under our amendment of the 1940 statute that this has now been accomplished finally. The only step left is to get Australia to take him back, but if they say they will not take him back, as they have solemnly and publicly said, then the only other answer is H. R. 10, which is just the thing to cure the ill about which we are talking.

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

Mr. HOBBS. Why, of course, I am very glad to yield to my friend the distinguished gentleman from Iowa [Mr. CUNNINGHAM].

Mr. CUNNINGHAM. I want to both thank the gentleman and congratulate him for his contribution, not only now but for the wonderful work that he has done ever since he has been in the Congress for the protection of our beloved country. I was interested a few moments ago when the gentleman from Alabama spoke about these Communists who are working for the overthrow of our Government by force and violence.

Does not the gentleman believe, and I am sure he does, that those Communists and fellow travelers and those who follow their line, who seek to destroy us, not by force and violence, but by deception, deceit, sabotage, and stirring up dissension and the fomenting of strikes are even a greater menace to America than those who advocate the overthrow of the Government by force and violence?

Mr. HOBBS. Why, certainly, sir, and I would love to amend that law so to provide, but I do not believe that is feasible at the moment.

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

Mr. HOBBS. Why, of course, I will. I will be delighted always to yield to the gentleman from New Jersey.

Mr. CANFIELD. I, too, want to commend the gentleman from Alabama. I think it is a sad commentary that Harry Bridges has a beachhead on our western coast opposing everything that our boys are fighting for in Korea today and trying to negate all that we in the House of Representatives are trying to do to end this conflict and promote world peace.

Mr. HOBBS. Thank you, sir; I appreciate your contribution, as always.

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

Mr. HOBBS. Please let me say just before I yield to my dear friend from Alabama that there is no question about the status of Harry Bridges now. If H. R. 10 becomes a law, as I will point out in just a minute, it not only is abundantly buttressed by the Constitution, but it will fit him like a glove because this, giving him every right in the world, is not dependent upon the consent of his own Government. He came here on a skilled or able seaman's ticket. He knows better than you or better than I that he can go back the same way.

As I said on Monday, if 10,000 aliens have come here in one of the three easy ways—able seaman's enlistment, jumping ship in our ports, and getting travel documents which means coming through the United States, for instance, from Canada and going to Mexico, and just stopping here; or if they get a visitor's visa good for 90 days and overstayed, why, if 10,000 of them know how to use that kind of thing now to come in here, is it not reasonable to suppose that 5,000 aliens who come under the bill H. R. 10, according to the testimony of Mr. Ugo Carusi before our committee when he was head of the Immigration and Naturalization Commission, is it not reasonable to

suppose those 5,000 can somehow find their way out?

Do you not know that Harry Bridges will not say in the jug 10 minutes? I do. But I am not interested in keeping him locked up. I want him to get out. If his own country says he is such a bad citizen that they will not have him back, then I do not know of a better atmosphere to cool his fevered brow until he gets the inclination to ship again as an able seaman. That is the way he came in. He can go back that way, anywhere he wants to, and jump ship without any fear of being bothered.

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

Mr. HOBBS. I am so happy to yield to my good friend from Mobile.

Mr. BOYKIN. I am sure you know most of us here consider you one of the greatest constitutional lawyers, not only in this House but in this country. That is not me talking, but I have talked to men on both sides of this House. I remember when you were selected to try one of the greatest cases ever tried in this House, and I want to ask you one of the most important questions that I know of.

Do you not think we can outlaw the Communist Party in the United States? Let us get rid of all of them forever and ever, so that they never could come here if they ever had been a Communist or ever expected to be.

Mr. HOBBS. I will be glad to answer the gentleman's question.

The SPEAKER pro tempore. The time of the gentleman from Alabama has expired.

Mr. HOBBS. Mr. Speaker, I ask unanimous consent to proceed for an additional 10 minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. HOBBS. I dislike to delay you ladies and gentlemen at this hour of the day, but I will be glad to answer my friend's question. I do not. So many of the members of the Communist Party are American citizens, I am sorry to say. Therefore, you would not strike at the root of the tree. That is one thing. Then, in the second place, Mr. J. Edgar Hoover, the great Director of the FBI—

Mr. BOYKIN. I agree. He is one of the greatest men living.

Mr. HOBBS. That is right. He has done more to clean up crime in this country than any other man. He has absolutely cleaned up one of the crimes that H. R. 10 is aimed at; namely, the Lindbergh Act, kidnaping. He has not had a glaring instance of kidnaping in some time. We had dozens of them every year until we passed that act. But Mr. Hoover says he would rather have them known to him. For instance, there is a place in this town which is run for and used by the Young Communists of America. You cannot touch them. But it is good to know who frequents that club. He does not want them to go underground where he will be unable to reach them. The same thing applies all over the country. The majority of the membership of the Communist Party in the United States is American, and you cannot touch one of them. That is all

right. We bow to that, and pray for their redemption and that they may see the light. But we have got some of them. We have got rid of Fritz Kuhn. We have got rid of a number of his crowd. We have done a pretty good job, in spite of having our hands tied behind us. So I do not believe that against the advice of our enforcement officials we ought to just do what the gentleman suggests.

Mr. BOYKIN. What can we do, then?

Mr. HOBBS. Pass H. R. 10.

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

Mr. HOBBS. I yield.

Mr. GWINN. I am very much interested in the question asked by the gentleman from Alabama [Mr. BOYKIN].

Mr. HOBBS. So am I.

Mr. GWINN. Is not our problem in connection with this question a problem of defining what communism is, or what the Communist Party is? So when we attempt to outlaw an abstract concept we are in difficulty. Could we not do this? Could we not describe that association or that grouping, such as the Communist Internationale, the Comintern, the Cominform, and their agencies and groupings, whatever they are, to be enemies of the United States, just as we can treat a nation or a group as enemies? Now we are at war; we recognize certain parties or groups or associations as enemies; then if our fellow travelers support them and send their literature about and do positive acts in aid of the enemy we have the legal procedure by which we can handle them. Is there not a possibility of that sort?

Mr. HOBBS. I do not know. I have put a lot of gray hairs in my head trying to do just that. You take the bill which I still have pending to curb subversives: I cannot get to first base with it because it also does what I think is exactly what we should do, it not only punishes the man who accepts employment in our Government, but also the man who appoints him and also the Congressman who recommends him for appointment; and that is what is killing my bill. There are too many fellows who might get caught. I said: "You are the very man I am talking about. You have got to be sure you recommend no one who is not absolutely loyal to the United States to work in our Government."

If our Government has sunk to the low plane where we cannot have absolute loyalty in the service of the Government, then I say we had better close up the whole establishment except the absolutely necessary departments and just shut them out from employment entirely, because if we cannot run with honest-to-God Americans then we do not need to run those departments in which we have to employ anybody with a question mark after him.

Mr. O'SULLIVAN. Mr. Speaker, will the gentleman yield?

Mr. HOBBS. I yield.

Mr. O'SULLIVAN. My thought is that communism is not a political ideology, but in its last analysis is a conspiracy to commit treason, no matter what country it originates in. It seems to me that FBI Director Hoover is a little too tender with them when he says he does

not want to drive a political conspiracy to commit treason underground. We drive every other crime underground. The grand divisions of crime are treason, felony, misdemeanor. I cannot understand the philosophy of trying to keep a conspiracy to commit treason above the ground. I think it ought to be put under the ground, and perhaps 6 feet deep.

Mr. HOBBS. The gentleman may be entirely right. I was simply answering the question as to why we were not trying to do just that at the moment. I certainly appreciate the gentleman's comment.

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

Mr. HOBBS. I yield.

Mr. CUNNINGHAM. I wish to support the position of the gentleman from Alabama addressing us, from a legal standpoint. To be a Communist is certainly not treasonable in Russia, nor in Yugoslavia, nor in China; it is treasonable in the United States and ought to be. However, if we believe in representative government, in democracy as we practice it here, then if a majority of the people who are citizens, as the gentleman has so well said, would be foolish enough, unwise enough, un-American enough to vote a Communist into the office of President of the United States and to vote Communists into control of Congress, there is nothing we can do about it.

The answer and the remedy lies in education, in putting the light of day on what these Communists attempt to do. In spite of that, if a majority of the people should vote those persons into office, then to deny our people that right would be defeating the very purpose for which we have been in existence. And the same would apply to every other party, a Progressive Party, the Free Soilers, or any offshoot political party that has risen in the past. If the overwhelming majority should go that way, then representative government is out. I pray God that never will happen, and I hope it will not in America; I am sure it will not. But if we want to stop people from following the evils of the Communists or a false philosophy of government, we must educate those people to what a following of this false philosophy will ultimately do to their beloved country.

Mr. HOBBS. And we have got to show them that we have a better way.

Mr. CUNNINGHAM. That is right.

Mr. HOBBS. I thank the gentleman.

The SPEAKER pro tempore. The time of the gentleman from Alabama has again expired.

Mr. CUNNINGHAM. Mr. Speaker, I ask unanimous consent that the gentleman may proceed for another 10 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. HOBBS. Mr. Speaker, let me call attention to the fallacy of this editorial. This is the crux of the objectionable feature of the editorial: "What is involved under this bill is a second punishment," may I pause at that comma to say that the Supreme Court in the Turner case gives the lie to that. This is not punish-

ment. Deportation is not a criminal trial, it is not a criminal procedure. It is no punishment to send a man back home. As I said in my speech on Monday, Brer Rabbit when he was protesting so violently to Uncle Remus because he was sent back where he was born and raised was not really sincere. He was just as happy as he could be when he was thrown back into the briar patch, his native home. I think that would be true here. It should not be punishment if you are the right kind of a person. It should not be punishment to be sent back home. That is all this is.

So I do not believe the editorial is sound in its statement that they would object to that, but whether they object or not, the Supreme Court stated in the Turner case it is not punishment. I cited that in my remarks Monday. It is in the RECORD. The Supreme Court said it is not punishment, it is not second jeopardy; it is nothing in the world but a civil remedy known to every civilized independent government to get rid of its poisonous trash. When he violates his pledge of entry we have a perfect right to oust him by the civil remedy of deportation. So it is not punishment.

Reading after the comma: "without any second trial merely because deportation cannot be carried out."

I want to dwell for a moment on those words "without any second trial." Did Harry Bridges have any second trial? He has had six. Did Joe Strecker have a second trial? He did in the forum of his own choosing—mark you that—not in his home. That did not suit him because the judge there decided against him, so he took another forum and went there, and when he had the same luck with the trial judge, he took an appeal to the fifth circuit that decided with him, and the Supreme Court, by denying the writ of certiorari, affirmed their decision. But, he had all the chance in the world.

Now I want to give you just exactly what the program is, not as to those who are deportable but those who have been ordered deported, against whom an order of deportation has been issued, made after an administrative trial, which is due process of law. The Supreme Court says they do not have to have a jury trial, they do not have to have a judicial trial, because a trial by the agency put in charge by our Congress to administer the deportation law, the Department of Justice, where it belongs, gives them due process of law and they cannot complain. And even that administrative trial is subject to full right of appeal, first to the Board of Immigration Appeals of the Department of Justice, then to the review by the Attorney General himself, who is the head of the Department of Justice, then by habeas corpus to his own home or wherever he wants to take it, his habeas corpus, to any district court, then appeal to the circuit court of appeals and then by certiorari to the Supreme Court.

Now then, that is what this editor says is a wholly absence of second trial. It is just the reverse. We gave Joe Strecker six trials; we gave Harry Bridges six, and they were freed by the Supreme Court on what Mr. Celler—bless his heart—says is no remedy at all; but, they were

freed on habeas corpus by appealing to the Supreme Court through certiorari. So, habeas corpus does result in thousands of releases. And, they are not through then. They are freed sometimes on certiorari by the Government and sometimes by the man that has been ordered to be deported.

Now, I am not going to keep you longer; I just want to tell you one or two other stories. It will not take but a minute. I want to tell you the story of Caesario Valenti, of Philadelphia, the City of Brotherly Love. He admitted that he was the head of the Philadelphia poison ring, but his lawyer said that I lied on May 5, 1939, to the House of Representatives in my speech when I said that he was responsible for the murders committed by the poison ring of which he was the head and who, by poison, for the sake of collecting insurance money, had poisoned or was charged with poisoning over 100 citizens of Philadelphia; and he said that I lied; that his client, Caesario Valenti, although he was the head of it, was not responsible for poisoning but 21 himself. Well, the reason we could not deport him was not because that was a good defense, but it was because he was imprisoned in the Eastern State Penitentiary of Pennsylvania for life for first-degree murder. He did not have but one life to give to his country and he did not want to give that. He wanted to kill anybody that had an insurance policy. But when I checked up to see if he had been paroled or anything of that sort, I was informed today that he had been denied parole because since he had been imprisoned he has gouged out the eye of another prisoner. Therefore, his behavior has not been so excellent as to warrant consideration for parole.

Mr. BOYKIN. Does the gentleman remember the name of his lawyer?

Mr. HOBBS. No; I do not.

Now I want to tell you about the Detroit case, about Bernard Niedzialkowski, who is either a Russian or from a satellite country. The immigration authorities were ready to deport him, and he has been finally ordered deported. That was for a crime. The warrant was issued in 1930, and he never got out, never paid any attention, but he was convicted of murder and was arrested for murder. While this was pending, while they were taking him to jail, he went by and just did a little job that he had wanted to do for a long time. Now that he knew his time was short, he went by and killed a friend of his in Detroit. So he was arrested for murder, and they could not deport him. Then while they released him on bond, I believe, or suspended the order of deportation, he killed his second man, and possibly a third. The authorities are in dispute as to whether he got his third or just shot at him. At any rate, he is still imprisoned in the Michigan State Penitentiary, and he cannot get out even to be deported.

So these men have been with us and we cannot get rid of them. But the authorities testified before our committee that there were several thousand criminal aliens who had been finally ordered deported, and whose deportation

was not stopped by prison bars, but because they did not care to leave. At least, that is about what it amounts to. There is only one way I know to do it, and that is by H. R. 10, which we passed so overwhelmingly Monday.

I just want to correct in the minds of any of you ladies or gentlemen who are present any impression that there has been any punishment inflicted, that there has been any criminal charge prosecuted. This bill specifically says that they shall be detained in aid of deportation, our sovereign power, though not at hard labor. That is to meet the decision in the Michigan case. You keep them as parlor boarders. We mean to do just that until they come to the conclusion that they have to obey the orders of the duly constituted law of the land, which they swore to uphold and obey.

The SPEAKER pro tempore (Mr. MURDOCK). Under previous order of the House, the gentleman from Massachusetts [Mr. Furcolo] is recognized for 20 minutes.

BETTER RELATIONS BETWEEN THE NATIONS OF THE WORLD

Mr. FURCOLO. Mr. Speaker, may it please the House, shortly before the war in Korea began, I had sent a suggestion to the President and the Secretary of State that I felt might be considered as one possible road toward the ultimate goal of better relations between the nations of the world.

I had intended to discuss the matter on the floor of Congress after the President and the Secretary of State had had an opportunity to analyze my proposal. With that end in view, I had obtained permission to speak under a special order back some weeks ago. However, the war in Korea began 1 day before the time scheduled for my talk in Congress and 2 days before a radio program that had been scheduled for the purpose of discussing my suggestion with the people of the Nation.

I found that people who had been extremely interested in the idea abandoned all hope for it as soon as the war in Korea started. Newspapers that had given front page attention to it when I first broached the idea changed right after the war in Korea started. Their attitude changed from one of apparent enthusiasm to one of "Well, no use talking about peace now. The war has started."

I, too, fell into that same frame of mind, but I now believe I was mistaken to have ever paused even momentarily. I am firmly convinced that we must devote our every effort to every possible means of achieving lasting peace in the world—and we must do it every moment until we have succeeded.

I have been encouraged to find that many of our national leaders apparently hold this same belief. A little later on I will quote from the testimony of those leaders—testimony that they gave in July that seems to be an endorsement of at least the principle of the plan I suggested to the President and the Secretary of State in June. But first, let me tell you of the suggestion I made in June.

I had better emphasize right now that the suggestion I am about to discuss is

for every nation in the world—not simply Russia, although I illustrate by Russia—but the idea is intended to apply to all nations.

Now, this is the substance of the proposal I made in June:

Recent history has shown that, regardless of the cause of the situation, the fact remains that diplomacy at high government levels does not seem to create confidence and understanding between nations. That is particularly true of the relations of the United States and Soviet Russia. While the idea I am suggesting is to be applied to all the nations of the world, let me illustrate its workings by using Russia as an example.

Russia and the United States regard each other with skepticism and distrust. Everything that is done by either Government merely increases the climate of hatred and fear in the people of each nation. High-ranking diplomats have been unable to pierce the iron curtain, and the true story of America never gets to the Russian people. Statements and statistics from our governmental agencies are derided by the Communists as nothing but capitalistic propaganda. We are pictured as an imperialistic nation seeking to destroy Russia and enslave her people. The average, everyday Russian is also led to believe that the United States is about to collapse because of the failure of the capitalistic system. Our people are maligned as corrupt, impoverished, unfriendly, intolerant—just about everything that is bad.

We in this country may scoff at the idea of anyone taking such statements about us seriously. We may find it difficult or impossible to believe that any people think of us in such terms. Let us not be deceived. We must realize that the average Russian does not know us. He does not have the faintest conception of what the people of America are really like. He is not given the truth about our belief in freedom and justice, our standard of living, our ideals and aspirations, and our American way of life. In brief, he does not really know us.

The average Russian merely knows what the Russian governmental officials tell him. If he should doubt their word, he has no way of learning the truth even if he earnestly seeks to ascertain it. His schools, newspapers, radios, literature—every medium of information, in fact—is rigidly controlled by a Soviet Government that pictures us in whatever terms will suit the wishes of the Communists. The other side of the story—our side of the story—never really penetrates the iron curtain.

In the first place, the Soviet Government tells its people only those things it feels they should know. It does not hesitate to use falsehoods and half-truths if it believes such strategy is necessary in the best interests of the cause of communism. In the second place, assuming they get by Soviet censorship, official statements of our Government are disbelieved by the Russian people. They have been taught that we are lying, warlike imperialists who are trying to deceive the world by false propaganda. Our official statements are taken either with the greatest skepticism and suspicion or with outright disbelief. Before

we blame the Russian people for that, let us ask ourselves whether we would believe a statement of the Soviet Government if our own American Government, newspapers, and radios all emphasized that the Russian statement was false. Why do we expect the people of Russia to take any statement of our Government in preference to that of their own government, newspapers, and radio? That is why I believe that we must seek to achieve a people-to-people diplomacy because, whatever be the reason, our official diplomacy alone is not succeeding quickly enough to insure peace in the world.

We must get to know the Russian people better and they must learn to know what the people of the United States are really like. How can that be achieved?

I offer the following suggestion in the full realization that it may not be the complete answer. But it may help to implement our official foreign policy. I also realize that as far as Russia is concerned, my suggestion may be doomed to failure by the refusal of the Russian Government to join with us in any mutual undertaking of friendship and understanding. Even so, I believe it will be at least a gesture of good will and attempted cooperation that may inspire the true confidence of the world, including the people of Russia. And, regardless of Russia's rejection of it, I believe most nations of the world would cooperate and participate in the movement.

I propose that, as part of our foreign policy, we inaugurate an attempt to establish better relations abroad by what I am terming a Truth Through Youth movement. I propose that under the United Nations, a world Truth Through Youth foundation be established with the aim of creating better understanding among the peoples of the world. I hope every nation will participate—but to illustrate how Truth Through Youth might operate, let me cite as examples Russia and the United States.

Every month we would select a hundred high-school youths from the States of this country to go on a tour of Russia. I use the figure 100 for illustration. At the same time, a comparable number of Russian youths would be brought to this Nation. In this country, they would be free to go anywhere and everywhere, talk to anyone and everyone, and see anything and everything in which they might be interested. It is hoped that Russia would grant the same privileges to our touring youngsters.

Each group might visit the officialdom of the nation in which they were visiting, but that would not be the primary objective of the tour. The main purpose would be to mix with the people themselves of the nation, to visit shops and factories, schools and playgrounds, farms and stores, and places where the people play, study, work, and live. It is possible that each group might even make some friends in the country visited, friends who would exchange correspondence and ideas in succeeding years.

During their visit, without their even consciously or intentionally telling of America, our youngsters would be conveying to the people of Russia the first

authentic picture of what our country really is and what our people are really like. Most important of all, they will be believed as no official statement of our Government is ever believed. They will get to the people as no official of our Government ever gets to the people. They will create friendship and understanding as no official of our Government has ever been able to create friendship and understanding. High-school youngsters are not mature enough to be considered as spies or propagandists or people of cunning and guile. We may hope that the Russian people will accept them at face value, as they will never accept mature diplomats and statesmen.

The Russian people or the American people might disbelieve statements of the press, radios, or officials of the other nation, but these same people would find it more difficult to disbelieve their own eyes and ears. And, which is even more important, they would place absolute faith and confidence in the reports of their own children after they had returned from the country of their visit.

If Truth Through Youth worked as it might well work, let us imagine over a thousand American children a year visiting all parts of Russia. I have enough faith in our youngsters to be willing to rely on them as the best ambassadors of good will we can have. I think the Russian people will believe them and through them will see Americans as we really are.

At the same time, a thousand Russian children are visiting all parts of the United States. On their return to Russia they tell their parents, neighbors, and schoolmates of what they have seen in this country, what the Americans are really like, and what the American way of life really is. Will they be believed? We all know that the people of Russia will take the word of their own youngsters in preference to anything our Government or the Russian Government might say.

It is double-barreled in that both the Russian and the American youngsters will be ambassadors of good will in both countries—over 2,000 ambassadors a year who do not talk in diplomatic language on high governmental levels but who reach the people themselves. It will not be dollar diplomacy, military diplomacy, power diplomacy, or any other kind of diplomacy that is subject to misunderstanding or misinterpretation. It will be the only type of people-to-people diplomacy that may create friendship and understanding in the people themselves. I believe the attainment of that objective may be begun by the Truth Through Youth movement.

It may take a long time, perhaps too long. I see no shorter way. If we in this generation have failed to achieve mutual trust, understanding, and good will, perhaps the next generation may succeed where we have failed. They cannot succeed if we have not given them the opportunity. Let the youth of each nation understand each other at the high-school level so that, when they take over the reins of leadership some years from now, their youthful experiences and knowledge may help to secure peace in the world.

The cost of financing any Truth Through Youth movement would not be prohibitive. The cost of war today is prohibitive. The cost of peace cannot be measured in terms of money. The real question is, Can we afford not to do it? Actually the cost would be approximately \$1,000,000 a year for 1,000 American high-school youngsters. We are already spending over \$3,000,000,000 a year to buy friendship abroad.

In terms of economy, the Truth Through Youth movement will actually save us money in the long run because it is not intended to be merely a temporary, stop-gap solution. It is based on the hope of permanent gains of friendship, understanding, and good will.

It is also not a waste of money even if it accomplishes nothing but a more broadened education for some of the youth of this country. Those who participate in the movement will have received knowledge and education that will repay them, and ultimately this country, many dividends.

I propose the venture even if it be financed solely and completely by the Government of the United States. However, I do not believe that will be necessary because I think other nations, perhaps even Russia, will participate gladly and willingly bear their own share of the expense. I also think that if the people of the United States believe in the idea of a Truth Through Youth movement, we have enough patriotic citizens who will voluntarily contribute to finance it without burdening the Government.

I readily admit the idea may have many flaws in it. I do not pretend to know whether it is the best possible solution or not. I hope the people of this Nation will think about it and give me the benefit of their advice.

I want to emphasize that I do not seek the abandonment of our diplomatic endeavors but merely the implementation of them by a people-to-people understanding.

I believe the movement will also be added proof to the world of our earnest endeavors to achieve peace and good will—to open the door to friendship and understanding through the medium of a generation that must achieve those ends or perish.

Of one thing I am certain: If such a movement had been in effect for the past 20 years, our relations with Soviet Russia would be vastly better than they are today. Let us not have our children repeat the same statement 20 years from now.

Let me also emphasize that the movement is intended to apply to all nations, not just Russia. Too often we have waited for trouble some place, then take action to correct it. Let us start this movement right now, even in places where there is no trouble yet—but where there may be in the near future—let us sow the seeds of friendship before the trouble—positive diplomacy, where we take the initiative right now with the generation that will rule those countries pretty soon.

The fate of the world may be decided in the next few years. Let us be sure we have made every possible effort, no matter how small it may be, to bring

good will, trust, and understanding to the peoples of the world. Only in that way will lasting peace for the world ever be attained. I suggest the Truth Through Youth movement I have proposed as at least one step in that direction.

That was the substance of the suggestion I made. Not long after I advanced that suggestion to the President and the Secretary of State, the war in Korea began and I postponed my discussion of it with the Members of Congress. Since that time several national leaders have testified before the Thomas subcommittee of the Senate Foreign Relations Committee considering Senator BENTON'S Senate Resolution 243 of a Marshall plan of ideas. Let me quote excerpts from the testimony of several of the witnesses who testified about July 5—see CONGRESSIONAL RECORD July 6, page 9696, and so forth. I believe the testimony speaks for itself.

John Foster Dulles:

On the effectiveness of our propaganda against that of the Russians may hang the question of war or peace in the next few months.

Senator BENTON:

The problem is how to shatter Russian propaganda with truth. If the people of the world believe we are right as well as strong, communism will become easy to contain. The fight is for the minds and loyalties of all mankind. It is nothing less than that. It is to tell the world what we stand for, so it can choose for itself between our freedom and the world's freedom, or Red Russian enslavement.

Senator BENTON also emphasized the point in his resolution that—

We must encourage a vast two-way flow of students from all the countries of this earth and from America to these free nations.

Senator BENTON also gave many illustrations to show that the true story of America is not getting to the people of the world—see CONGRESSIONAL RECORD, pages 9696-9701.

Secretary of State Acheson:

We must make the truth known to the peoples of the world. * * * One of the strategic objectives of the Communist campaign * * * is to confuse the world about the nature of democratic aspirations and ideals. * * * Another is to spread deception about the free world's strength and resources. * * * We must, therefore, make unmistakable the truth about the United States and the other free nations.

Acheson quoted from President Truman's statement that—

Our task is to present the truth to the millions of people who are uninformed or misinformed or unconvinced. Our task is to reach them in their daily lives as they work and learn. We must be alert, ingenious, and diligent in reaching peoples of other countries * * * we must make ourselves heard around the world in a great campaign of truth.

The Secretary of State then said:

The task of telling the truth as the President has emphasized is not separate and distinct from other elements of our foreign policy. It is a necessary part of all we are doing to build a peaceful world. It is essential to the success of our foreign policy that the military, political, and economic measures we are taking be accompanied by an

effective information program. * * * I welcome particularly this emphasis on private participation. Governments can do only a very small part of the task. It is the individual citizens, the private organizations, the independent groups, who make the major contribution to insuring that the truth is known.

The Secretary of State concluded by saying:

There has never been a time when men everywhere who value freedom have a greater need to know the truth.

The Members are all familiar, of course, with General Eisenhower's statement to the effect that truth is our greatest weapon in the world today.

Senator LEHMAN and Senator FLANDERS also testified and their testimony can be read on pages 9700 and 9701 of the CONGRESSIONAL RECORD for July 6.

As I stated above, I believe the testimony of these witnesses speaks for itself. The testimony indicates very clearly, in my opinion, the need to go ahead on any effective campaign of truth even while the war in Korea is on. I agree with that outlook.

While those witnesses were not talking about truth through youth, but were merely considering any and all ideas that might help to spread truth, I believe their testimony gives support to the suggested truth-through-youth movement.

I do not know what the Members think of the idea of truth through youth which I propose but I hope you will all give it thoughtful consideration. I had again better emphasize the same thing that I pointed out on several occasions back before war in Korea started, namely, that I believe the program should be put into effect regardless of whether Russia will cooperate or not. There are many, many nations that will cooperate, and we should begin with those nations even if Russia will not cooperate.

If time permits before adjournment, I may introduce a resolution in order to have an expression of opinion by the Members so that the President and Secretary of State may know that the Congress either approves or disapproves of the idea of a truth-through-youth movement.

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Massachusetts [Mrs. ROGERS] is recognized for 3 minutes.

BISHOP THOMAS F. MARKHAM

Mrs. ROGERS of Massachusetts. Mr. Speaker, I should like to speak of the pride that Lowell, Mass., and the Commonwealth of Massachusetts has in the fact that Bishop-elect Thomas F. Markham, St. Peter's Church, Gorham Street, Lowell, Mass., has been appointed an auxiliary bishop of Boston.

He was born at Lowell, Mass., and educated in the grammar and high school of Lowell. He attended Holy Cross College and North American College at Rome, Italy. He was appointed monsignor while in Rome and was in charge of the American Bishop's Relief while in Italy. He acted as rector of the American College in Rome. He belongs to a very illustrious family. He is the brother of

James Markham, former Alien Property Custodian, and is a man of great distinction.

LIFE INSURANCE FOR KOREAN VETERANS

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

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

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I have been working in connection with legislation to take care of the men who have been injured and who have died as a result of the Korean fight. Those boys of course should be protected by insurance and by the same kind of legislation covering the men of World War II. I ask the help of the Members of the House. I see the gentleman from New Jersey [Mr. CANFIELD] present, and I ask for his help especially in drafting legislation for the assistance of these veterans.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

- S. 382. An act for the relief of Wong Suey Wing;
- S. 841. An act for the relief of Michele Bartolomeo Marchisio;
- S. 976. An act for the relief of Vartan Chamsarian;
- S. 1262. An act for the relief of Juliana Mendiola Alastra;
- S. 1779. An act for the relief of Phil Meyers, also known as Gil Meyers;
- S. 2077. An act for the relief of Francisco Gonzalez Perez;
- S. 2277. An act for the relief of George A. Voregarethos (George Spiro Chatmos);
- S. 2296. An act for the relief of Maria Cicerelli; and
- S. 2676. An act for the relief of Kimie Yamada Ina and her daughter, Ritsuko Ina.

BILLS PRESENTED TO THE PRESIDENT

Mrs. NORTON, from the Committee on House Administration, reported that that committee did on July 18, 1950, present to the President, for his approval, bills of the House of the following titles:

- H. R. 940. An act to authorize construction of the Eklutna project, hydroelectric generating plant and transmission facilities in connection therewith, and for other purposes; and
- H. R. 5866. An act to adjust and define the boundary between Great Smoky Mountains National Park and the Cherokee-Pisgah-Nantahala National Forests, and for other purposes.

ADJOURNMENT

Mr. O'SULLIVAN. Mr. Speaker, I move that the House do now adjourn. The motion was agreed to; accordingly (at 6 o'clock and 7 minutes p. m.) the House adjourned until tomorrow, Thursday, July 20, 1950, 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:

1564. A letter from the Acting Attorney General, transmitting a report showing the special assistants employed during the period from January 1 to June 30, 1950, with compensation payable from the allotment

contained in the appropriation for salaries and expenses, miscellaneous legal activities, pursuant to the provisions of the Department of Justice Appropriation Act for the fiscal year 1950, approved July 20, 1949; to the Committee on Expenditures in the Executive Departments.

1565. A letter from the Secretary of the Interior, transmitting a volume containing the acts of the second special session, second regular session, and fourth special session of the Seventeenth Legislature of Puerto Rico, and reorganization plans, pursuant to provisions of section 23 of the Organic Act of Puerto Rico; to the Committee on Public Lands.

1566. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, United States Army, dated June 2, 1950, submitting a report, together with accompanying papers, on a preliminary examination of Schuylkill River and tributaries, Pennsylvania, authorized by the Flood Control Act approved on July 24, 1946; to the Committee on Public Works.

1567. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, United States Army, dated June 2, 1950, submitting a report, together with accompanying papers, on a preliminary examination of bays, inlets, and rivers along the coast of Oregon with a view to providing an adequate number of deep-draft harbors, authorized by the River and Harbor Act approved on March 2, 1945; to the Committee on Public Works.

1568. A communication from the President of the United States, transmitting an estimate of appropriation to pay claims for damages, audited claims, and judgments rendered against the United States, as provided by various laws, in the amount of \$34,339,114.37, together with such amounts as may be necessary to pay indefinite interest and costs and to cover increases in rates of exchange as may be necessary to pay claims in foreign currency (H. Doc. No. 647); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. LYNCH: Committee on Ways and Means. H. R. 7840. A bill to provide for the refund of certain estate taxes; without amendment (Rept. No. 2596). Referred to the Committee of the Whole House on the State of the Union.

Mr. COLMER: Committee on Rules. House Resolution 714. Resolution for consideration of H. R. 8569, a bill to strengthen the common defense by extending for 5 years the authority for the Texas City tin-smelter operation; without amendment (Rept. No. 2597). Referred to the House Calendar.

Mr. SABATH: Committee on Rules. House Resolution 715. Resolution for consideration of H. R. 5967, a bill to amend the Interstate Commerce Act, as amended, to clarify the status of freight forwarders and their relationship with motor common carriers; without amendment (Rept. No. 2598). Referred to the House Calendar.

Mr. McSWEENEY: Committee on Rules. House Resolution 716. Resolution for consideration of H. R. 6277, a bill to give discharges to the members of the Russian Railway Service Corps organized by the War Department under authority of the President of the United States for service during the war with Germany; without amendment (Rept. No. 2599). Referred to the House Calendar.

Mr. PETERSON: Committee on Public Lands. H. R. 6640, a bill to amend an act

entitled "An act relating to the disposition of public lands of the United States situated in the State of Oklahoma between the Cimarron base line and the north boundary of the State of Texas," approved August 7, 1946, and for other purposes; with amendment (Rept. No. 2600). Referred to the Committee of the Whole House on the State of the Union.

Mr. EBERHARTER: Committee on Ways and Means. H. R. 9120, a bill to amend section 322 (b) (3) of the Internal Revenue Code; without amendment (Rept. No. 2601). Referred to the Committee of the Whole House on the State of the Union.

Mr. STANLEY: Committee on House Administration. House Resolution 495. Resolution providing for expenses of conducting an investigation by the Committee on the District of Columbia pursuant to House Resolution 340, Eighty-first Congress; with amendment (Rept. No. 2602). Ordered to be printed.

Mr. STANLEY: Committee on House Administration. House Resolution 652. Resolution to provide funds for the expenses of the investigation authorized by House Resolution 643; with amendment (Rept. No. 2603). Ordered to be printed.

Mr. STANLEY: Committee on House Administration. House Concurrent Resolution 233. Concurrent resolution increasing the compensation of employees of the Government Printing Office engaged in the preparation of the indexes of the CONGRESSIONAL RECORD; without amendment (Rept. No. 2604). Ordered to be printed.

Mr. STANLEY: Committee on House Administration. Senate Concurrent Resolution 96. Concurrent resolution to print additional copies of hearings on S. 1832, an immigration bill; without amendment (Rept. No. 2605). Ordered to be printed.

Mr. STANLEY: Committee on House Administration. House Joint Resolution 501. Joint resolution to authorize the procurement of an oil portrait and a marble bust of the late Chief Justice Harlan F. Stone; without amendment (Rept. No. 2606). Ordered to be printed.

Mr. STANLEY: Committee on House Administration. House Resolution 690. Resolution authorizing funds to defray expenses incurred by the special committee created by House Resolution 635; with amendment (Rept. No. 2607). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CELLER:

H. R. 9171. A bill to provide for the temporary appointment of referees in bankruptcy, and for other purposes; to the Committee on the Judiciary.

By Mr. JENKINS:

H. R. 9172. A bill to amend the Civil Service Retirement Act of May 29, 1930, as amended, to provide increased retirement benefits for immigrant inspectors, Immigration and Naturalization Service, Department of Justice; to the Committee on Post Office and Civil Service.

By Mr. McCORMACK:

H. R. 9173. A bill to establish in the Department of Labor an Agency for the Handicapped, to define its duties, and for other purposes; to the Committee on Education and Labor.

By Mr. PLUMLEY:

H. R. 9174. A bill making an appropriation for the construction of a research laboratory for the Quartermaster Corps, United States Army, at a location to be selected by the Secretary of Defense; to the Committee on Armed Services.

By Mr. SANBORN:

H. R. 9175. A bill to provide for the grant of certain lands to the American Falls school, district, No. 381, American Falls, Idaho; to the Committee on Public Lands.

By Mr. SPENCE:

H. R. 9176. A bill to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes; to the Committee on Banking and Currency.

By Mr. VINSON:

H. R. 9177. A bill to authorize the President to extend enlistments in the Armed Forces of the United States; to the Committee on Armed Services.

H. R. 9178. A bill to suspend the authorized personnel strength of the Armed Forces, and for other purposes; to the Committee on Armed Services.

By Mr. BARING:

H. R. 9179. A bill to authorize the Secretary of Agriculture to undertake programs for the control of the poisonous weed, *Halogeton glomeratus*, and for other purposes; to the Committee on Agriculture.

By Mr. WINSTEAD:

H. R. 9180. A bill authorizing and directing the construction and repair of passenger, cargo, and tanker vessels necessary for the national defense; to the Committee on Merchant Marine and Fisheries.

By Mrs. ROGERS of Massachusetts:

H. R. 9181. A bill to provide for the creation of the Office for Coordination of Civilian Defense, and for other purposes; to the Committee on Armed Services.

By Mr. POTTER:

H. R. 9182. A bill to amend the Career Compensation Act of 1949 so as to provide additional compensation for certain members of the uniformed services during periods of actual contact with hostile ground forces; to the Committee on Armed Services.

By Mr. SUTTON:

H. R. 9183. A bill to grant income-tax exemptions with respect to compensation received for active service in the armed services; to the Committee on Ways and Means.

By Mr. HESELTON:

H. R. 9184. A bill to provide for the separation of subsidy from air-mail pay, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. VURSELL:

H. J. Res. 506. Joint resolution to modify the authority of the White County Bridge Commission created by the act approved April 12, 1941; to authorize said commission and its successors to purchase or construct, and to maintain and operate, bridges across the Wabash River at various locations and to purchase, maintain, and operate ferries; and for other purposes; 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. BLACKNEY:

H. R. 9185. A bill for the relief of Cecelia Wahls; to the Committee on the Judiciary.

By Mr. CASE of South Dakota:

H. R. 9186. A bill for the relief of Mr. and Mrs. Carl Wahl; to the Committee on the Judiciary.

By Mr. COUDERT:

H. R. 9187. A bill for the relief of Salvatore Gianna; to the Committee on the Judiciary.

By Mr. DAVIS of Georgia:

H. R. 9188. A bill for the relief of Edward M. Chapman, Roland P. Davis, and the Fi-

delity & Casualty Co. of New York; to the Committee on the Judiciary.

By Mr. FARRINGTON:

H. R. 9189. A bill for the relief of Mrs. Ushi Yamauchi and Hatsue Yamauchi; to the Committee on the Judiciary.

H. R. 9190. A bill for the relief of Yaeko Phyllis Matsumura; to the Committee on the Judiciary.

H. R. 9191. A bill for the relief of Hamako Horiuchi Toguchi and Kenneth Hiroshi Toguchi; to the Committee on the Judiciary.

H. R. 9192. A bill for the relief of Takako Ogura; to the Committee on the Judiciary.

H. R. 9193. A bill for the relief of Fumiko Kamitani; to the Committee on the Judiciary.

H. R. 9194. A bill for the relief of Mitsue Takubo and Dudley Yataka Takubo; to the Committee on the Judiciary.

H. R. 9195. A bill for the relief of Nobuko Iefuji; to the Committee on the Judiciary.

H. R. 9196. A bill for the relief of Mrs. Miyoko Ohta Tsuchiya; to the Committee on the Judiciary.

By Mr. GRANT:

H. R. 9197. A bill for the relief of Sgt. James C. Hollon and Bessie L. Hollon; to the Committee on the Judiciary.

By Mr. JACKSON of Washington:

H. R. 9198. A bill for the relief of Yoko Sato; to the Committee on the Judiciary.

By Mr. SCUDDER:

H. R. 9199. A bill to authorize the appointment of John S. Evans as a permanent major in the United States Air Force; to the Committee on Armed Services.

By Mr. SMITH of Wisconsin:

H. R. 9200. A bill for the relief of Wang Chi-Yuan; 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:

2269. By Mr. HAGEN: Resolution adopted by the City Council of East Grand Forks, Minn., on June 16, 1950, requesting that improvements for flood control included in appendix D, House Document No. 185, Eighty-first Congress, first session, with the exception of the raising of the Demers Avenue Bridge, be given the earliest possible priority by all Government agencies; to the Committee on Public Works.

2270. By Mr. SABATH: Petition of Messengers and Baggage-men's Lodge, No. 2064, Brotherhood of Railway Clerks, express division, Chicago, Ill., urging the passage of H. R. 7789, a bill to amend the Railway Labor Act to make lawful negotiations of union-shop agreements; to the Committee on Interstate and Foreign Commerce.

2271. By the SPEAKER: Petition of Paul Kristy, commander, Benson Post, No. 112, the American Legion, Omaha, Nebr., stating that the Congress of the United States should not adjourn while United States Armed Forces are engaged in combat in Korea; to the Committee on Rules.

SENATE

THURSDAY, JULY 20, 1950

Rev. F. Norman Van Brunt, associate minister, Foundry Methodist Church, Washington, D. C., offered the following prayer:

Almighty God, the light of all that is true, the strength of all that is good, the glory of all that is beautiful, we are inwardly led to seek Thee daily. Thy guidance and the knowledge of Thy will gives

us insight and assurance in the trying tasks of life. Graciously help us to abide in Thee, that evermore we may be steadfast and strong. May our days be filled with a high sense of the sacredness of life and the value of time. Uplift us by the thought of the importance of our task in this day and let our hearts flow over with gratitude in the fact that we can serve in such a time as this. Above all, manifest Thyself to us in the daily round of life that Thy precepts may become our law. We pray in the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. LUCAS, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, July 19, 1950, was dispensed with.

MESSAGES FROM THE PRESIDENT— APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on July 19, 1950, the President had approved and signed the following acts:

S. 587. An act for the relief of Sister Stefania Cuprys;

S. 848. An act for the relief of Lorenzo Buira Sarrate;

S. 1347. An act for the relief of Jose Da Silva;

S. 1869. An act for the relief of Marcantonio Doria d'Angri and his wife, Sonia Stampa Doria d'Angri;

S. 2462. An act for the relief of Ruzina Skalova;

S. 2662. An act for the relief of Evzen Syrovatka and his wife;

S. 2682. An act for the relief of Naum Ionescu and his wife;

S. 2735. An act for the relief of Mrs. Vernon B. Rasmussen; and

S. 3007. An act for the relief of Stefanie Pfister and Hildegard Weber.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed, without amendment, to the concurrent resolution (S. Con. Res. 96) to print additional copies of hearings on S. 1832, an immigration bill.

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

H. R. 7303. An act to amend section 120 of the Internal Revenue Code;

H. R. 8975. An act to amend the Synthetic Liquid Fuels Act, as amended; and

H. J. Res. 501. Joint resolution to authorize the procurement of an oil portrait and a marble bust of the late Chief Justice Harlan F. Stone.

The message further announced that the House had agreed to a concurrent resolution (H. Con. Res. 233) increasing the compensation of employees of the Government Printing Office engaged in the preparation of indexes of the CONGRESSIONAL RECORD, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the