

great passenger ship *Constitution* of the American Export Lines, built at Bethlehem-Quincy Yard in 1951. This vessel, one of the finest of American passenger liners, with few equals in the whole world today, has come to Baltimore for work to be performed at the Baltimore yard of the Bethlehem Steel Co.

The great port of Baltimore was selected for this purpose because the Bethlehem Steel Co. yard at Key Highway has a drydock particularly suitable for the overhaul of the *Constitution's* machinery being undertaken at this time. This dock, a full 690 feet long, is the largest floating drydock on the Atlantic coast.

This is but another evidence of the fact that we have in Baltimore at this Key Highway yard one of the most modern and efficient ship repair yards in the world, as we have at Sparrows Point—a thoroughly modern merchant shipbuilding yard that has few superiors anywhere. The Sparrows Point yard topped all of the world's shipbuilding yards in 1953, from the standpoint of delivered tonnage.

With all these excellent facilities available in Baltimore, it is close to being a national calamity that both facilities are under the necessity of curtailing activities. This is so because of the present lack of a long-range ship-construction program to keep the American merchant ship fleet abreast of world competition.

Sparrows Point is headed for a complete shutdown by next October unless new business develops immediately. Only five ships—all tankers—remain on its ways. Two will be launched next month, two in May, and the last is scheduled to go overboard in July. By October all of these will have been delivered and, unless new orders are obtained immediately, the yard will be down with only 200 men in maintenance and miscellaneous jobs.

Bethlehem's repair and conversion yard in Baltimore has reduced its force substantially, due to the reduced number of American vessels now in operation, and the trend toward doing large overhaul and conversion jobs at the lower costs in foreign yards.

If we are to save Baltimore from suffering a great economic loss and the Nation a severe setback to its national defense, it is imperative that prompt action be taken to furnish more activity to the great shipbuilding and ship-repair facilities in the Baltimore Harbor.

#### RECESS

Mr. SALTONSTALL. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 31 minutes p. m.) the Senate took a recess until tomorrow, Thursday, March 25, 1954, at 12 o'clock meridian.

## HOUSE OF REPRESENTATIVES

WEDNESDAY, MARCH 24, 1954

The House met at 12 o'clock noon.

The Very Reverend George Massad, ex-arch emeritus, St. Elijah Orthodox Church, Oklahoma City, Okla., offered the following prayer:

In the name of the Father and the Son and the Holy Spirit now and ever unto ages of ages.

Holy God, Holy Mighty, Holy Immortal have mercy on us.

Lord, our Heavenly Father, before whom every knee must bow and every tongue must confess, the maker of heaven and earth, in Thy name we have gathered and we pray Thou art present in this gathering.

Lord, we pray Thy blessing on the President of the United States, on our Congress, our Cabinet.

Lord, take them as a blank in Thy hand. Fill them with wisdom, that they may do the work which is pleasing in Thy sight. And to Thee we ascribe all glory to the Father and to Thy Son and to the Holy Spirit. Amen.

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

#### THE EMPLOYMENT SITUATION

Mr. McVEY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

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

There was no objection.

Mr. McVEY. Mr. Speaker, I have listened to various speakers on the floor of this House who have given us very pessimistic information with regard to the future of employment in this country. Their opinions appear to be based on conditions as they exist at the present. It might be well to review for a moment the condition of employment in this country over the past 14 years.

The Department of Commerce analyzes this subject each month, beginning on the eighth day. These figures are not available for the month of March 1954, but their investigation revealed that on February 8, 1954, there were unemployed in this country 3,671,000. This seems to be a large figure, but I believe one should add that on February 8, 1950, this unemployment figure was 4,684,000. Those who are spreading a dismal policy today fail to mention anything about the unemployment situation in 1950.

Let us go back to March 1940, which is the earliest statistics we have on this situation, and we find that after 6 years of pump priming there were still unemployed in this country 8,360,000. The number of employed at this time is 60,051,000. This is the highest peacetime employment we have had in this country with the exception of the year 1953, which was a banner year.

In considering these facts and these statistics, it seems to me that if we are going before the bar of public opinion in a manner that the thinking people are

going to understand, we have got to make it very clear that we are adjusting ourselves to a peace prosperity. We have been attuned to a war prosperity, and we must get ourselves attuned to a peace prosperity. The previous administration, whose spokesmen are complaining so bitterly about unemployment at present, should recognize the fact that the high level employment which they created was during World War II and the Korean war, and that that prosperity was based upon the blood of our sons who went into battle. Unless we wish to promote that type of prosperity over the broken bodies of our sons in battle, a more reasoning attitude should be taken with regard to the adjustment that is now taking place.

Those who talk of a depression in the near future are going to be sadly disillusioned. The conditions are not here in this country for a depression. The people have a great deal of money in their pockets, banks are bulging with money, credit is strong, and with 60 million or more employed, we can place little faith in those prophets of doom who, for political motives, would attempt to stir up fear and distrust in the minds of our people. It seems to me in this very situation we take a measure of a Congressman and the nature of the representation which he gives to those who have bestowed such honor upon him.

Some may have seen a syndicated article by David Lawrence entitled "Sensational Upturn Forecast." In a subheading he says:

January-February construction figures soon to be revealed called highest in history—record new business seen.

In his opening paragraph of this article he says:

There is something dynamic happening to the American economy right now. It looks as if the business upturn has started. It may result in making 1954 one of the best business years on record.

He goes on to say that the facts are that the latest statistics on construction are sensational in their revelation of an unprecedented building boom. They show that the combined figures for January and February are the highest in all history. The building boom is one indicator only, but when joined with other trends to higher production levels, the whole situation appears to take on a significance which cannot be overlooked.

David Lawrence is by tradition a Democrat. He does not write for political effect, which gives one great confidence in his judgment.

#### DAIRY FARMERS HAVE NOT BEEN GOVERNMENT WARDS

Mr. JOHNSON of Wisconsin. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include extraneous matter.

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

There was no objection.

Mr. JOHNSON of Wisconsin. Mr. Speaker, in just 8 days—which means April 1—Secretary of Agriculture Benson

will spring the economic hangman's trap on approximately 3 million dairy farmers in the Nation. On April 1, as I have pointed out for the last 2 days, Secretary Benson's order goes into effect for lowering dairy price supports to 75 percent of parity.

I presume that there are many people—including some of my colleagues—who feel that lower dairy support prices will be a blessing to consumers. Let me say that I appreciate and understand the economic plight of the harried housewife; but I do not feel that lowered dairy support prices will be a blessing.

Instead of a blessing, I think we shall be taking the first major step toward an economic tragedy—an economic tragedy that will finally reveal itself in more unemployed industrial workers and silent factory smokestacks.

In recent years much has been made about our so-called surplus of dairy products in the hands of the Government. The dairy surplus has been lampooned in newspaper editorials and cartoons to a point where consumers of the Nation were led to believe that dairy farmers had backed a steam shovel and a thousand trucks up to the Federal Treasury.

What are the facts? Has the dairy farmer been a ward of the Federal Government? I say not. If dairy farmers have been the largest beneficiary of Federal aid, then I cannot find the information. Here are the facts as I have found them:

From October 17, 1933, to November 30, 1953—which is a period of 20 years—the dairy price-support program has cost the Government a total of \$164.3 million. That, my friends, is slightly more than \$8 million a year. Compare this paltry sum of \$8 million a year to the \$40 billions that were given to industry during World War II, after the war and during the Korean war, and then ask yourselves who backed the steam shovel up to the doors of the Federal Treasury? It was not the dairy farmer, I assure you.

As I have said for the past 2 days, the dairy industry and its 3 million farmers face a critical situation. It is for this reason that I introduced a bill—H. R. 8388—to extend the 90 percent support price on milk and butterfat for another 120 days after April 1. I hope that the House Agricultural Committee will report the bill out before April 1 so that we can use this 4-month extension period for the purpose of including dairy products in a general farm bill which will be adopted by this Congress later in the session.

I am inserting a telegram into the CONGRESSIONAL RECORD informing me that 7,998 farmers and other interested persons from Vernon County have signed a 17,281-word telegram to President Eisenhower expressing their views on the lowering of dairy support prices:

[Night letter sent March 17, 1954, from Viroqua, Wis.]

This committee yesterday sent to the President a telegram signed by 7,998 farmers and other interested persons of this area, requesting him to reconsider his decision to reduce price guarantees on dairy products to 75 percent of parity. This petition asked for fair and equal treatment of the dairy industry,

and requested that the whole question of dairy prices be left unchanged, pending re-examination of the entire problem by Congress. We believe that if the President were made aware of the fact that the reduction would cut the income of dairy farmers by one-sixth in a single blow, without any corresponding reduction in their expenses, he would reconsider his decision. It has been remarked already that although the President carried Vernon County by almost 2 to 1 in 1952, the total number of signers on this petition is considerably greater than the vote for Eisenhower in the last election. May we respectfully ask that you make inquiry at the White House about this 17,281-word telegram and advise us of any consideration which may be given to it.

Lester Wood, Chairman; Fred D. Nelson, Secretary; Lincoln Neprud, Martin Gulbrandsen, Arthus Mockrud, Paul A. Dahl, Don Hedding, S. C. Dregne, Stanley Seblon, Ole Hjelter, J. C. Gillespie, Floyd Burt, E. J. Saugutad, Tilman Moe, Ole Traastad, Art Gillen, Virgil Ammerman, Advisory Committee.

#### PARITY PRICES AND THE DAIRY INDUSTRY

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and revise and extend my remarks.

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

There was no objection.

Mr. McCORMACK. Mr. Speaker, not so many months ago the people of the Ninth District of Wisconsin electrified the country by electing a Democrat for the first time in the history of that congressional district, the gentleman from Wisconsin, Congressman LESTER JOHNSON, who so ably represents the people of his district and the State of Wisconsin in this body. He has been here for a comparatively short time, but he has made a profound impression upon his colleagues by his devotion to duty and his courage in representing his people.

We were impressed by the speech he made today, the one he made yesterday, and I hope he will continue to make speeches until April 1 in relation to the plight concerning the farmers of our country, particularly those in the dairy industry, because on April 1, unless something is done by the Congress, it is very evident that the plight of the dairy farmer will be terrible, and the plight of the farmers of the State of Wisconsin, particularly in his district, will be bad. The gentleman is fighting most courageously for their interests.

#### DAIRY PRICES

Mr. EDMONDSON. Mr. Speaker, I ask unanimous consent to extend my remarks at this point.

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

There was no objection.

Mr. EDMONDSON. Mr. Speaker, I want to express my appreciation, and that of the dairy farmers of Oklahoma, for the fight which my colleague, the gentleman from Wisconsin [Mr. JOHNSON], is waging on behalf of the milk producer.

Action such as the gentleman from Wisconsin [Mr. JOHNSON] proposes is urgently needed to stop the downward trend of farm prices and stabilize our economy. There is no justice or commonsense in 90-percent supports for grains, and 75-percent supports for dairy products. My own bill on this subject would limit the cut in the dairy support price to 5 percent in any year, and in my opinion this represents the very minimum of action which Congress can take to safeguard our farm prices.

The time for action on this vital issue is now.

#### AIR FORCE

Mr. LESINSKI. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

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

There was no objection.

Mr. LESINSKI. Mr. Speaker, the recent action of the Air Force to lease an antiquated, outmoded and many times rehabilitated plant at Wood-Ridge in New Jersey is certainly not in keeping with the present administration's desires. We hear talk about critical areas, saving of taxpayers' dollars, New Look, and a lot more for less. Now let us see if this is all true.

Here is a new plant built in Romulus, Mich., at a cost of some \$140 million of taxpayers' money which includes equipment and building complete with facilities, for the purpose of manufacturing jet engines. So what happens? The Air Force leases an old, antiquated, undesirable and completely unrealistically situated plant for the production of engines. To top this, it will have to spend some \$75 million of the taxpayers' money to put it into operation. Now let us compare the two, and see where we stand.

The Wood-Ridge plant is in a congested area, has no test-cell facilities; the area does not have sufficiently trained personnel for the manufacture of jet engines, it cannot expand, the accessibility is poor and on top of that, the lessee does not want the plant. So why, can anyone tell me, is it proper to waste more funds on a facility that is not needed or desired.

At Romulus, Mich., you have a recently completed plant. It is most desirable for the purpose intended, for many reasons. The availability of trained personnel, expansion possibilities, accessibility—new roads—saving of taxpayers' money, it is not in a congested area and has many other features that the Wood-Ridge plant has not.

The President's recent action in making Detroit a distress area has been disregarded. The taxpayers have been disregarded. All of the features that the armed services have looked for in the past in locating new plant facilities have been disregarded. Must be the New Look means no look.

From my personal observation it would seem that the opening of the Romulus plant would be the most practical and desirable undertaking for all concerned.

#### GAINFUL EMPLOYMENT FOR BLIND PEOPLE

Mrs. CHURCH. 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 Illinois?

There was no objection.

Mrs. CHURCH. Mr. Speaker, in 1936, Congress took cognizance of the limited opportunities for employment of our blinded citizens by passing Public Law 732, permitting blind people to operate concessions in Federal buildings. This worthwhile piece of legislation has proved to be one of the most successful experiments in employment of the blind in our Nation's history.

As progress is made, our Federal statutes must be amended to keep pace. I am, therefore, offering an amendment to the act entitled "An act to authorize the operation of stands in Federal buildings by blind persons, to enlarge the economic opportunities of the blind, and for other purposes" which will, in my opinion, greatly expand the opportunity for employment of the blind.

We realize that not all of the more than 300,000 blind people in the United States can be employed, but we do know that with each one gainfully employed, the possibility of another one of our citizens being placed upon the relief rolls has been eliminated.

This amendment will clarify the original intent of Congress by setting forth a priority for the blind in the operation of a business on Federal properties. It will further expand employment by placing automatic merchandising machines in the category to be managed by the blind. It will centralize the policy-making authority with respect to businesses operated by the blind on Federal property.

We believe that this amendment will provide opportunities for more than doubling the now 568 locations operated by the blind in Federal buildings.

#### SPECIAL ORDERS GRANTED

Mr. MAGNUSON asked and was given permission to address the House for 15 minutes on Monday next, following the legislative program of the day and any special orders heretofore entered.

Mr. STEED asked and was given permission to address the House for 10 minutes today, following any special orders heretofore entered.

#### EISENHOWER ADMINISTRATION AND REPUBLICAN CONGRESS MAKE HEADWAY IN LOWERING COST OF GOVERNMENT AND IN REDUCTION OF TAXES

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to extend my remarks at this point and include extraneous matter.

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

There was no objection.

Mr. ANGELL. Mr. Speaker, one of the major planks in my platform when

elected to the 83d Congress was the elimination of waste and extravagance in Government expenditures and drastic reduction of Government costs and a reduction of the tax burden with particular reference to taxes upon the low-income groups. The putting into effect of such a program would bring about stability in Government, head off inflation, and restore a sound fiscal policy which would enable us to balance the budget and live within our income, which must be accomplished if this country is to survive.

We have made much headway in the adoption of such a program under the Eisenhower administration and the Republican Congress. We reduced the Truman budget by some \$14 billion and we have made heavy reductions in expenditures for the coming fiscal year. President Eisenhower, in his address to the Nation, called attention to the fact that \$7 billion in savings have been made by the Republican administration this year. An idea of how large an amount of money the \$7 billion in savings made by the Republican administration in this year's expenditures represented was vividly depicted by Mr. Eisenhower in his tax speech March 15. He gave as examples:

The money American farmers got last year for all the corn and all the wheat grown in our entire country was \$7 billion.

The money Americans pay each year for doctor, dentist, medical, and hospital bills is \$7 billion.

The money Americans paid in all of last year for household utilities and for fuel amounted to \$7 billion.

Without the savings, the President said, there could have been no tax relief for anyone. On January 1 taxes were cut by \$5 billion, and the administration's tax-revision program now before Congress would cut that one and one-half billion more.

Savings have been effected and economies realized in almost every department of Government. Take, for instance, the Defense Department. On March 12, in a Defense Department report, Charles S. Thomas, Assistant Secretary of Defense for Supply and Logistics, said \$500,000 would be saved annually by one instance of simplification of military services' paperwork. The reporting form now in use replaces five others, which the military used to report on the amount of hardware on hand. In addition, approximately 300,000 man-hours of paperwork will be eliminated by the new procedure.

T. Coleman Andrews, Commissioner of the Internal Revenue Service, has recently reported that by next January or not later than January 1956, 35 million American wage earners may be relieved of the duty of filing income-tax returns. Andrews said that a system devised by the Revenue Service makes it possible to figure out a taxpayer's tax from his payroll deductions so that the Government can bill the individual for the amount due. The Commissioner said Congress will be asked to approve the plan, which would save \$25 million. Andrews also said that economies in the office in Washington, D. C., had reduced operating expenses by 25 percent.

Across the country, changes in procedures have effected a 40-percent cut in operating costs, he pointed out. By reducing the Service's regional districts from 17 to 9 a total of \$15,500,000 is being saved annually.

We inherited a bad situation—

Andrews said.

The people in the Service were pretty well demoralized. They were no longer proud to be a part of it because of a handful who had betrayed the trust put in them. We are determined to make that Service one they can be proud of and which the American people can believe to be honest and reasonably efficient. As for efficiency, we have attacked the entire problem of administration with a view of reducing overhead to a minimum.

On January 8, 1953, Lindsay Warren, Comptroller General of the United States, wrote to me with reference to economies effected in his Department, which is a significant achievement in this important agency of the Government. I include the Comptroller General's letter in these remarks:

COMPTROLLER GENERAL OF  
THE UNITED STATES,  
Washington, January 8, 1953.

MY DEAR CONGRESSMAN: A few years ago, during a conversation with several Members of Congress, I was amazed to learn how little information Congress as a whole had about the General Accounting Office and its place in our Government. At the suggestion of those Members I sent a short letter to the Congress pointing up certain facts about the Office which I thought every Member would want to know. Since that time I have sent a similar letter at the beginning of each new Congress. That is the reason for this letter, which requires no reply.

The General Accounting Office is in the legislative branch. It is the agency of the Congress to audit and settle accounts and claims of the Government, and to advise and assist the Congress and the departments and agencies on matters relating to public expenditures. The Comptroller General is appointed for a term of 15 years and cannot be reappointed. He can be removed from office only by the Congress.

I have said on a number of occasions, and I have no hesitancy in repeating it at this time of intense discussion of budgets and expenditures, there is not a department or agency in the Government that cannot reduce the number of its employees, providing there is a will to do so. It is not an easy job, even if you have the will, but I think the results we have achieved in the GAO without any mandate from the Congress furnish ample proof that it can be done. In April 1946 the number of our employees reached a peak of 14,904. There were 6,204 employees on January 1, 1953. This is a reduction of 8,700, or nearly 60 percent, in the last 7 years. Of this number, 779 were transferred to the Post Office Department.

Our accomplishments in reducing personnel have been brought about by constant surveys of our work and the elimination of procedures which serve no useful purpose under present-day conditions. In cases where changes were needed, but legal obstacles precluded them, we asked and received from the Congress revisions in the law. In bringing about changes we have always tried to make sure there would be no loss of control of public funds. There has not been. In fact, the revised procedures are enabling the GAO and the Government generally to do a far more competent job.

I know statistics are dull, but these will give some idea of the volume of our work last year: 21 million vouchers audited; 508,000 claims settled; 264 million checks recon-

elled; 12,000 decisions rendered to departments, agencies, claimants, and others; inspections made by investigators of 691 different Government offices; 28 audit reports submitted to the Congress, including reports of 1951 audits of all Government corporations; work on accounting systems done in nearly every department and agency of the Government; 820 reports made to the Congress and its committees; and 3,500 replies made to individual members of Congress.

The GAO has continued to make collections of amounts illegally or otherwise improperly paid out far in excess of the cost of operating the office. The GAO is one of the few agencies in the Government that more than pays its way. Collections from 1941 through December 31, 1952, total over \$816 million. It is a fair statement to say that little of this amount would have ever been recovered, except for the work of the GAO. Naturally, I am proud of this record. But, I feel of greater importance is the work the Office is doing to prevent illegal or imprudent use of funds by the improvement of accounting and auditing throughout the Government.

In the past few years the GAO has placed a great deal of emphasis on the joint program of the Secretary of the Treasury, the Director, Bureau of the Budget, and the Comptroller General for the improvement of accounting, budgeting, financial reporting and auditing in the Government. Equal emphasis has been placed on the adoption by the GAO of comprehensive and other on-site audits of the departments and agencies. The concepts of these two programs were unanimously adopted by the Congress in the Budget and Accounting Procedures Act of 1950. Remarkable results are being achieved. Although we who are working with the programs every day know we are just commencing to get beneath the surface of many of the problems involved, actual savings already accomplished run into millions of dollars each year. In addition, improved efficiency of operations in the accounting and auditing fields, which cannot always be estimated dollarwise, has been of great significance.

With the tremendous growth of Government activities and their supporting appropriations, we in the GAO are keenly aware of the financial problems facing the Congress. The magnitude of expenditures makes it of utmost importance that the Government seek every possible means of obtaining full value for each taxpayer's dollar spent. In our work, we are making an all-out effort to create a greater cost consciousness on the part of every department, agency, and bureau. This goes not only to keeping the public spending within the laws enacted by the Congress, but to exposing, or better yet, preventing extravagances which, although legal, cannot be tolerated under present-day conditions. Yet you and I both know that economy in Government cannot be accomplished by any one agency or individual. Each and every officer and employee of the Government and each and every citizen must make his contribution, for real results can only be achieved through a day-by-day, continuing attack by all of us.

Sincerely yours,

LINDSAY C. WARREN,  
Comptroller General  
of the United States.

We are not only making savings and effecting economies in the administration of government here at home but in foreign administration as well. A recent dispatch from London listed some major economies in government abroad as follows:

These thrifty doings are typical of the energetic economy shakedown Uncle Sam's vast

overseas bureaucracy is getting at the hands of the Eisenhower administration.

Here are some of the results of this energetic shakedown:

Up at Burtonwood Airbase in Britain Midlands the United States Air Force has hired 4,000 lower salaried British typists, file clerks, mechanics, and the like to replace GI's. Estimated saving: \$14 million a year.

A new American print shop at Bonn, Germany, now furnishes, at a cost of \$3.50 per thousand, the tons of printed paper forms United States Government agencies all over Europe have been getting direct from the States for \$8.50 per thousand.

A tour of key American installations in Britain and on the Continent shows much moneysaving has already been accomplished. And by mid-1955 Ike's pennypinching will have trimmed hundreds of millions of dollars off United States Federal spending abroad.

The Air Force itself is slated to contribute \$85 million in annual economies with a global scheme to replace costly United States personnel with native workers who can be hired at lower pay rates. Operation Native Son will free 35,000 airmen for use back in the United States.

Some \$36 million of the total \$85 million in the Air Force's expected savings will result from economies here in the European area where 2,300 Frenchmen, 1,500 Germans, and 4,000 Britishers will step into United States airmen's jobs.

Most of the 35,000 airmen replaced in this thrift drive will be sent back to the United States to take other jobs in Gen. Nathan Twining's expanding air force.

There's moneysaving afoot in Uncle Sam's big diplomatic stations abroad, too. Over at the United States Embassy in London's Grosvenor Square the number of American employees has been trimmed from 218 to 148 in the past year. And more than 40 of the 259 Britishers working there when Ike took office have been removed from the payroll. These reductions have meant a \$450,000 annual saving.

For instance, one economist now handles the task of keeping track of price and production trends of such commodities as tin and rubber. The work formerly occupied the time of two trained specialists. Uncle Sam used to keep 2 men, 1 in London, and 1 in Bonn, busy plotting the course of international radio channel allocations. Now only the Bonn technician watches the wavelengths.

The London Embassy's stable of 19 cars and trucks has also felt the economy ax. Not long ago four of this fleet were sold and the Department of State got a check for the \$3,406 proceeds. Discharge of four British chauffeurs is saving another \$4,400 yearly.

Recently the American Press, in its issue of March 1954, detailed the results of a poll it took among American country newspaper editors, which are significant and place at the top of the objectives that should be accomplished by the Congress the reduction of Federal spending and the cost of Government, lowering the tax burden and balancing the budget. I quote from this article the listing of the 16 objectives in the order of importance as shown by this poll of these country editors:

#### BALANCE BUDGET AND REDUCE TAXES TWO MOST IMPORTANT JOBS FOR CONGRESS

What are the two most important things for Congress to accomplish at the present session?

That question, included in the American Press editors' poll, brought out about as many different answers as there were replies. But, when tabulated, there were five things which stood out head and shoulders

above the rest, in the opinion of the editors. The five most important things the editors want to see Congress accomplish at this session are, in order of importance:

1. Balance the budget.
2. Reduce taxes after balancing the budget.
3. Work out a satisfactory farm program.
4. Cut Government spending and waste.
5. Strengthen our defenses.

In choosing their two most important matters for Congress to attend to, the majority of these editors who picked "Balance the budget" as one of their choices, picked "Cut taxes" as their other choice. A number of them also mentioned reduce the debt as a most important subject.

Among the other subjects mentioned by a number of editors, in the order of mentions, were:

6. Strengthen and maintain peace.
7. Simplify the tax setup.
8. Cut foreign aid.
9. Pass Bricker amendment.
10. Take Government out of competition with private industry.
11. Prevent depression and unemployment.
12. Stabilize our economy.
13. Curb communism in the United States.
14. Back Eisenhower's program.
15. Increase social-security benefits.
16. Defeat Bricker amendment.

Although no question was asked on the Bricker amendment, over 6 percent of the editors brought it up as a most important question, about three times as many favoring it as opposing it.

Mr. Speaker, when the tax-revision bill was before us last week I took the position that those of us who pledged tax reduction and lowering of the costs of Government in our campaigns were in duty bound to vote for the proposed amendment of that bill to increase personal income exemptions from \$600 to \$700, which would have given taxpayers a break, and particularly would have helped the low-income groups who must depend upon their meager earnings to support themselves and their families. As I pointed out then, these exemptions were originally \$4,000 for a married man and have now been reduced to \$1,200, owing to pressure of war requirements for heavy taxes. Since the war is ended and we are in a peace economy, we should increase these exemptions in order to give protection to the needy families in the low-income groups. This position is confirmed by the poll from the country editors to which I have just referred.

I hope that the Congress before it adjourns will effect many more substantial economies in the costs of Government, reduce the heavy tax burden now threatening to engulf our citizens, and restore the country to a sound fiscal policy.

#### ENCOURAGEMENT TO THOSE FIGHTING COMMUNISM

Mr. HOFFMAN of Michigan. Mr. Speaker, I ask unanimous consent to proceed for 1 minute, to revise and extend my remarks and include certain additional material.

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

There was no objection.

Mr. HOFFMAN of Michigan. Mr. Speaker, some of the pack which so successfully in the thirties and early forties hounded those who suggested that Communists had been and were infiltrating our Government are again in full cry after those who believe in America, the way in which its people live, and the principles of the Constitution.

Some of those who are now so bitter, so unreliable, so biased, and so prejudiced against anyone who ventures to suggest that our efforts to fight communism should not be confined to the fields chosen by Stalin and his successors, daily by direct charge and sly innuendo seek to tear down and ostracize loyal, patriotic citizens, especially one who is direct, forceful, and successful in his methods.

Apparently, a few, jealous of the high regard in which patriotic Americans hold him, seem to be trying to trail with the pack, taking a procedural shortcut now and then to hinder, if not to block, the Red hunting.

Well do I remember when some of these same columnists and publications were just as bitterly, just as unfairly, just as shamefully, and just as falsely attacking our colleague from Texas, MARTIN DIES. They made life unpleasant for our then colleague, Joe Starnes, of Alabama. They finally "got" our colleagues John Rankin, of Mississippi, and Felix Hébert, of Louisiana.

Yes; they even howled on the trail when our Vice President insisted that the truth be known and with Whittaker Chambers and others insisted upon exposing Alger Hiss.

The procedure is nothing new, nor are the methods nor is the lack of truth. To me, the only amazing thing is the fact that some intelligent, patriotic people who should know better join in the squalling and the bawling to silence those who are attempting to expose Communists in the Federal Government.

For myself, even though procedure and methods can be criticized; while I will, if occasion offers, suggest better procedure; but so long as the Red menace threatens us here at home, I will go along with Joe, not the good old Joe of Truman but the Joe in whom so many Americans have faith.

Nor will I be led astray or listen to the sounds of a sham battle as to the leadership of the Republican Party attempted to be staged by those who appear to be annoyed by exposure of Communists.

In his article, printed herewith, published in yesterday's papers, David Lawrence again clearly laid the issue on the line.

It reads as follows:

**McCARTHY NEARS MARTYRDOM—HE WILL DRAW BIG CROWDS IN THE COMING CAMPAIGN, AND HE CAN THANK CRITICS FOR THE BUILDUP**  
(By David Lawrence)

Maybe those who are ganging up on Senator McCARTHY nowadays in Washington and elsewhere will succeed in making him a martyr—and then a hero. This is, of course, far from their intent. But their methods and tactics could bring about that result just as happened in the case of another Wisconsin Senator more than three decades ago.

Senator Robert M. La Follette, Sr., Progressive Republican, was denounced from one end of the country to the other because he didn't believe in the issues on which World War I were being fought. His speeches during the war were so unpopular with the people generally that both Republican houses of the Wisconsin Legislature, by majority vote, and the Republican Central Committee of that State petitioned the United States Senate to expel him. The resolution was introduced, referred to a committee, and was never acted upon by the Senate. Senator La Follette was antiwar, but was regarded by some people as actually obstructing the war effort itself.

In 1920, however, just after the war ended, Bob La Follette was reelected Senator from Wisconsin by the biggest majority he ever got, and in 1924 polled nearly 5 million votes as a third-party candidate for the Presidency, Calvin Coolidge was elected, but he won the electoral votes of 12 States west of the Mississippi by less than a majority of the votes in those States.

When President Truman went to Wisconsin in recent years to campaign, he extolled Bob La Follette as a great hero and said he hoped that Wisconsin would breed more La Follettes. Thus are martyrs converted into heroes as time passes.

Now the analogy extends only to the fact that Senator McCARTHY is being denounced by opponents in just as intemperate a vein as was Senator La Follette, but it merely won the latter more and more supporters.

History may repeat itself. For the opponents of Senator McCARTHY are overreaching themselves and causing more bitter cleavages than they realize. The other day a prominent Protestant clergyman in a nationally known church in New York attacked the Catholic Church as giving birth to such men as McCARTHY. This regrettable assault on the Catholic religion was promptly repudiated editorially by two very important newspapers which have been bitterly opposed to Senator McCARTHY but who deplored the raising of this issue.

Some of the big Protestant Church organizations have lately been getting into the fray with resolutions that border closely on church intervention in politics. The lack of restraint on the part of the critics is a cause for concern.

Senator McCARTHY's views or his attitude in committee work can hardly be made the basis of his expulsion from the Senate despite the fact that he has incurred enmities by his vigorous fight against Communists in the Government. Some of the critics are indulging in the same smear tactics and the same intolerance which they attribute to congressional committee hearings. Examining some of the expressions of opinion one reads or hears against McCARTHY, it might appear that Senators can be thrown out of the Senate just because they utter unpopular views. It seems to be forgotten that anything a Senator chooses to say at a committee hearing, he can also say in a speech on the floor of the Senate, and there is no rule by which he can be punished for freedom of expression.

Not so many years ago Senator Heflin, Democrat, of Alabama, got up in the Senate nearly every week for a long time and repeatedly made bitter attacks on the Catholic Church as an institution. His words were unwise but nobody rose to say he should be expelled from the Senate or disavowed by his party. There have been many excesses on the part of Members of Congress in the past, particularly by investigating committees, but when the advantage politically was on the other side, the so-called liberals did not inveigh against methods or demand fair codes of procedure. A case in point now is the fact that, despite charges of fraud in the New Mexico election, Senator CHAVEZ, Democrat, today is permitted to vote

in the Senate. Yet Senator McCARTHY is supposed to absent himself from a committee of which he is chairman.

When a man as pugnacious as Senator McCARTHY is attacked, naturally he will fight back. For many weeks now the anti-McCarthy folks have been goading the President to have a knockdown, drag-out fight with the Wisconsin Senator. Mr. Eisenhower didn't have to add fuel to the flames at every press conference in recent weeks, but he has hardly failed each time to fall for the efforts of the leftwing to get him into the headlines on the anti-McCarthy side. Naturally the Wisconsin Senator isn't going to stand for a purge any more than Democratic Senators have in the past when Democratic Presidents have gone even further in trying to read them out of the party.

The Democrats have played the game shrewdly. They knew that the Truman holdovers in Washington and a sympathetic press corps would keep the McCarthy issue alive and now the anti-McCarthy partisans are rejoicing. The Democrats think they have damaged the Republican Party and made it easier for the Democrats to return to power. The anti-McCarthy Republicans think they have overnight, by merely denouncing McCARTHY, driven away from him many millions of Republicans who have been his followers. But it must not be forgotten that there are millions of Democratic voters who will cross over to the Republican Party to help elect candidates for Congress who are determined to root out Communists in the Government and to expose those who protected them in the past. The Wisconsin Senator in the 1952 primaries had an overwhelming majority, and much of it came from Democrats who voted for McCARTHY in the Republican primaries. He certainly will draw big crowds in the coming campaign and he can thank his critics for the buildup they have given him.

#### CAMP BUTNER MILITARY RESERVATION, N. C.

Mr. SHORT. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 5632) to provide for the conveyance of a portion of the Camp Butner Military Reservation, N. C., to the State of North Carolina, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments as follows:

Page 2, line 4, after "range" insert ", subject, however, to reservation in the United States of all mineral rights, including gas and oil, in the land authorized to be conveyed by this act."

Page 2, lines 9 and 10, strike out "for a period of 3 successive years."

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

There was no objection.

The Senate amendments were concurred in, and a motion to reconsider was laid on the table.

#### LEAHI HOSPITAL

Mr. SHORT. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 6025) to authorize the Secretary of the Army to grant a license to the Leahi Hospital, a nonprofit institution, to use certain United States property in the city and county of Honolulu, T. H., with a Senate amendment thereto, disagree to the

Senate amendment, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Missouri? [After a pause.] The Chair hears none, and appoints the following conferees: MESSRS. SHAFER, JOHNSON of California, DEVEREUX, BROOKS of Louisiana, and DURHAM.

#### LAKE OF THE WOODS

Mr. HAGEN of Minnesota. Mr. Speaker, having cleared the matter with all concerned, I ask unanimous consent that the bill (H. R. 2098) be withdrawn from the Consent Calendar and the Union Calendar and be recommitted to the Committee on the Judiciary.

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

There was no objection.

#### COMMITTEE ON VETERANS' AFFAIRS

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent that the Committee on Veterans' Affairs may have until midnight tonight to file reports on H. R. 8044 and H. R. 8180.

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

There was no objection.

#### GENERAL LEAVE TO EXTEND REMARKS

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks in the RECORD on the bill H. R. 8152, which is about to be considered by the House.

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

There was no objection.

#### CONTINUATION OF DIRECT LOAN PROGRAM TO JUNE 30, 1955

Mr. NICHOLSON. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 480.

The Clerk read the House resolution, as follows:

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 8152) to extend to June 30, 1955, the direct home and farmhouse loan authority of the Administrator of Veterans' Affairs under title III of the Servicemen's Readjustment Act of 1944, as amended, to make additional funds available therefor, and for other purposes, and all points of order against said bill are hereby waived. 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 Veterans' Affairs, 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.

Mr. NICHOLSON. Mr. Speaker, I yield 30 minutes of my time to the gentleman from Virginia [Mr. SMITH].

#### CALL OF THE HOUSE

Mr. HAYS of Ohio. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Obviously a quorum is not present.

Mr. HALLECK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 39]

Albert	Graham	Mason
Allen, Ill.	Hardy	Miller, N. Y.
Bentley	Harrison, Va.	Morgan
Bolling	Hart	O'Konski
Boykin	Heller	Patten
Bramblett	Hillings	Powell
Brown, Ohio	Hoffman, Ill.	Regan
Busbey	Hollfield	Rivers
Celler	Holt	Roberts
Chelf	Holtzman	Rodino
Clardy	Hope	Smith, Kans.
Colmer	Ikard	Sutton
Coudert	Jensen	Thompson, La.
Dingell	Kelley, Pa.	Velde
Ellsworth	Kersten, Wis.	Weichel
Evins	King, Pa.	Westland
Fernandez	Lyle	Wilson, Tex.
Fogarty	McMillan	
Gavin	Martin, Iowa	

The SPEAKER. Three hundred and seventy-three Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

#### CONTINUATION OF DIRECT LOAN PROGRAM TO JUNE 30, 1955

Mr. NICHOLSON. Mr. Speaker, this resolution makes in order the bill (H. R. 8152) to extend for 1 year the time within which veterans can get loans directly from the Administration, provided they cannot make their loan through private enterprise. It is an open rule; all points of order are waived.

This about sets forth the purpose of the bill. The law already is on the statute books. All the bill does is to extend the time to 1955.

Mr. SMITH of Virginia. Mr. Speaker, I yield 7 minutes to the gentleman from Florida [Mr. MATTHEWS].

Mr. MATTHEWS. Mr. Speaker, I want enthusiastically to endorse H. R. 8152, which is a bill to extend to June 30, 1955, the direct home and farmhouse loan authority of the Administrator of Veterans' Affairs, and to make additional funds available therefor, and for other purposes.

Mr. Speaker, I want at this time to congratulate the gracious chairman of the Committee on Veterans' Affairs and to point out to the House that I think perhaps it is the only committee of the House in which there is an even division of both Democrats and Republicans. This gives you some idea of the unanimity with which we agreed upon this particular bill. It has the unanimous support of our committee.

I wanted particularly to take this time to talk to you about the value of this great program to my own particular district.

I come from the Eighth Congressional District of Florida, which is a rural district. There are 15 counties in the congressional district that I represent, and in a majority of these counties we find only one bank or lending institution. The limited capital available for loans in these banks is generally not enough to meet all the needs of our farmers and small-business men for the purposes of general farming and business loans. The direct loan program to our veterans, which is to be extended in H. R. 8152, is of great value to the people in my district because we are far removed from the great lending institutions, and it is very difficult to find private capital for the construction of GI homes. As we know, this great direct loan program is available to our veterans only if they are incapable of getting the same loan through the resources of a private institution. In passing, I want to praise the character of our veterans who have borrowed money through the direct loan program. As of the end of December 1953, there were 1,284 direct loans in default, of which only 158 were 4 or more installments in default; or four-tenths of 1 percent of the 39,904 direct loans outstanding on that date. As I understand, there have only been 61 foreclosures in the whole direct home loan program. Surely the veterans of our country who are eligible for these direct loans have proved themselves to be superior credit risks.

I want to state specifically the facts about the operation of this direct home loan program in the State of Florida. There are two Veterans' Administration offices in Florida that take applications for the direct loans. They are located in Miami and Jacksonville. As of January 31, 1954, the total number of applications received was 268 in Miami, and 1,375 in Jacksonville. Of this total, the number rejected or withdrawn was 86 at Miami, and 566 at Jacksonville. The number of loans fully disbursed was 112 at Miami, at 4-percent interest, and 2 at 4½-percent interest. At Jacksonville the number of loans totally disbursed was 665 at 4-percent interest, and 26 at 4½-percent interest.

As of January 31, 1954, the total amount of money that had been allotted to the Miami office was \$1,874,275, and to the Jacksonville office, \$6,624,009. At Miami, of the total of 114 loans outstanding as of March 12, 1954, there were only 3 loans in default, and in all 3 instances they were in default for a period of 3 months or less. At the Jacksonville office on the same date, we find that out of 670 loans outstanding, there are only 12 in default, and all 12 are for 3 months or less. Neither of our offices in Florida has ever found it necessary to foreclose or voluntarily convey a GI mortgage.

All last year in our Committee on Veterans' Affairs we wondered why, with this wonderful credit record, our veterans were still having great difficulty in finding loans to finance their homes. Surely the great lending institutions of our

country could well afford, despite perhaps some of the extra red tape involved, to go into the rural areas and make loans available to our veterans. Despite the fact that the interest rate has been increased now to 4½ percent and despite the fact that home construction is one of the greatest factors in boosting our economic prosperity, we still find thousands of GI's who are good credit risks but who find it impossible to get money to build their homes.

To emphasize the need for the continuation of this direct-loan program, I should like to emphasize the Florida situation as of March 12, 1954. In the Miami office, there were 500 applications pending, and of this number, the VA officials have estimated that at least 300 of these applications could be approved immediately if funds were available. At the same date, in the Jacksonville office, there were 987 applications pending, and of this number, it has been estimated that 592 applications could be approved immediately if the funds were available.

Mr. Speaker, that means that in Florida there are 892 veterans at the present time with families, good credit risks, who want to build a home, but who cannot build one because financing is not available. I cannot stress too much the challenge to our great private lending institutions to look into this field of direct loans for veterans who live in the rural areas. Someone has said that when the conscience of the people does not bring forth proper action, in a democracy the people call on the Government to provide that action. Why does the Government have to stay in this business of direct loans to veterans when, surely, this guaranty program is a splendid field of private capital venture? If anyone would criticize the Federal Government's participation in this program, I think surely the answer is that the Government will have to continue participating in this program so long as worthy veterans who are good credit risks and who want to build homes cannot find it possible to interest private capital in making the necessary money available to them.

Mr. SMITH of Virginia. Mr. Speaker, I have no further requests for time on this side. I know of no opposition to either the rule or the bill.

Mr. NICHOLSON. 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.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 8152) to extend to June 30, 1955, the direct home and farmhouse loan authority of the Administrator of Veterans' Affairs under title III of the Servicemen's Readjustment Act of 1944, as amended, to make additional funds available therefor, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the con-

sideration of the bill H. R. 8152, with Mr. SADLAK in the chair.

The Clerk read the title of the bill. By unanimous consent, the first reading of the bill was dispensed with.

Mrs. ROGERS of Massachusetts. Mr. Chairman, I yield such time as he may desire to the gentleman from New Jersey [Mr. HAND].

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

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

There was no objection.

Mr. HAND. Mr. Chairman, I am herewith including in the CONGRESSIONAL RECORD a recent radio address made by me on certain tariff problems as they affect our industries in southern New Jersey. The address follows:

#### GLASS, TARIFF, AND SOUTH JERSEY

During the past several days I have had the opportunity to study the report of the Commission on Foreign Economic Policy, known as the Randall report. I found the report a maze of contradictions and dissents. Its conclusions point to the need for further protecting American industry, farmers, and workers, while its majority recommendations urge the lowering of our protection against a flood of low-cost competitive imports.

In the limited time available to me, I shall not try to comment on the entire report. However, I am deeply concerned with one proposal that came out of the Commission's study—the proposal that certain expendable United States industries should surrender to import competition and shift their production and their workers into other fields.

Is it the intent of those making this proposal that the American glassware industry should be considered in this expendable category? True, it is a relatively small industry. But this industry and its workers have equal competitive rights with all industry.

It is essential to the national security. During World War II the Nation turned to the glassware industry to meet the sudden vital need for electronic glass—for radio, radar, and television tubes, and for medical and other equipment. It is obvious that the growing necessity for electronics in defense would make these products even more vital in the event of national emergency.

What has already happened in this industry as a result of low-cost foreign imports? Imports now take up 40 percent of the hand-made United States market. The American industry has shrunk by half just since 1946, and has no export market. The uncertainties created by further tariff reductions might mean ruin for the industry.

The big advantage to foreign producers in the glassware industry, as in many other industries, lies in wages. The average wage in the United States is \$1.65 an hour. This is 3 to 4 times the average wage for similar work in England, Germany, Italy, and Japan.

The handmaking of glassware represents one of the Nation's oldest and most highly skilled trades. It requires several years of apprenticeship to learn techniques which require the highest type of craftsmanship. The average earnings of glassblowers today range from \$100 to \$150 a week. These workers have acquired their skills through years of training and experience. They cannot be expected to shift suddenly to new jobs, learn new trades, accept reduced wages, even face unemployment—and give up high-earning power and a good standard of living gained for themselves and their families through their own skill and initiative.

The future of the industry is a matter of concern not only to the present workers. It presents a question to many young people who now see in the craft not only a means of employment at good wages but a source of personal satisfaction in their work, flowing from a deep human need for creative expression. Handmade glassware is a product of creative art. The satisfaction of the creator becomes part of the satisfaction of the owner.

A short time ago, Mr. Speaker, I saw in the newspaper a picture of a 12½-inch cup vase, presented to the President by members of his Cabinet on the first anniversary of his Presidency of our great Nation. This beautiful piece of glassware is a product of our American industry, created by members of the American Flint Glass Workers Union. But it symbolizes more than a beautiful piece of glassware. It is part of our American cultural heritage.

We must not brush aside the creative genius, the investment of lifetime skills and management experience represented in the glassware industry. I will not brush aside the jobs, the homes, and the lives of my people engaged in making glass. We must not sacrifice these to cheap foreign imports. We must instead take steps to preserve and nourish this essential domestic industry—vital to our economic diversity, our cultural growth, and to our national security.

I have talked at some length about glass because this large and important industry in our area is now and will be threatened by free-trade policies. Handmade glass is perhaps more seriously affected, but foreign imports are beginning to threaten plate glass and window glass and, if I read the signs correctly, it is only a matter of time before the entire glass industry will be involved in competition with the products of poorly paid labor in Europe and Asia.

It is a matter of common knowledge what is happening, and what is going to happen to shoes, watches, and numerous other products. In our own area, imports of textiles and fabrics impose an impossible burden on local manufacturers. For example, a manufacturer of fabrics in our district recently showed me samples of imports from Europe which are being brought in at a selling price, which is far less than his actual cost of production. He cannot pay the people who work for him four times as much as the European worker gets and successfully compete. That is as simple as A B C.

Yesterday, I had a letter from an old established firm manufacturing machinery. Just recently this firm had lost an order for a \$12,000 machine due to a 40 percent more favorable price from a foreign competitor. The foreign price was less than the cost to produce in this country.

To go outside of our own area for a moment, one of the largest American manufacturers of heavy electrical machinery, employing in this branch of their business alone some 25,000 skilled and highly paid workmen, has recently lost \$8 million in orders from the United States Government because of lower bids by foreign competitors. I have had some experience with this in the work of my own committee, where huge generators required in hydroelectric installations built by the Government have been purchased from abroad rather than from our own companies employing our own people.

The problem of the low-paid worker is intensified by the fact that the foreign plants are frequently subsidized by their governments, and what is even worse, as a result of our foreign-aid program, are in effect subsidized by this Government. Instances can be multiplied where the United States has actually furnished without cost the machinery now being used to beat down competition from American firms.

No matter how well-meaning our efforts are to rehabilitate the rest of the world, the

fact is that we are doing it at the expense of many local small businesses. When these small businesses suffer a reduction in their sales because of this situation, or when they are driven to the wall as inevitably they will be—the employees are going to have to find other jobs. I warn the workingmen and workingwomen of our area that in many industries their livelihood is faced with the increasing danger of competition from low-paid foreign workers. They had better stop and realize that reciprocal trade is very definitely not reciprocal as far as they are concerned.

Mrs. ROGERS of Massachusetts. Mr. Chairman, I yield myself 5 minutes, and yield the balance of my time to the chairman of the subcommittee having this legislation under consideration, withholding 2 minutes before the close of debate.

Mr. Chairman, the purpose of this bill is to authorize not to exceed \$100 million additional for the revolving fund for the purpose of making direct home and farmhouse loans to veterans under the Servicemen's Readjustment Act, and to extend the authority for operations to June 30, 1955. The present authority expires June 30, 1954. The maximum amount of any loan is unchanged from the previous limit of \$10,000 though the average amount is \$6,890, and as you know, the loans are limited to nonmetropolitan areas.

This program has worked extremely well and it is important to point out in the very beginning that at the present time the default rate is only four-tenths of 1 percent, which I think we can agree is a very, very small rate.

It is important that the Congress and the country know, too, that this is a program on which there is definitely accruing a profit to the Treasury. We hear much about the cost of the veterans' program. Here is a veterans' program which is making a profit for the

taxpayers. On an investment of approximately \$350 million, assuming a loss ratio of approximately 5 percent, assuming further the loans will be held to maturity, it is estimated there will be a profit of approximately 20 percent on this amount, or \$70 million to the Treasury. This is to be based on an average payment to the Treasury of 2 1/8 percent for the money which the veteran now pays 4 1/2 percent, formerly 4 percent. If the loans are repaid earlier, say in 12 years, there would still be a profit of somewhere between forty-five and fifty millions of dollars. This is a real contribution, not only to the welfare of the country but to the Treasury of the United States.

The original authorization came in the 81st Congress and extended to June 30, 1951, when \$150 million had been used. This was renewed on September 1, 1951, on a revolving fund basis with the provision that \$25 million would be added each quarter less proceeds of direct loans sales in the preceding quarter. Last year we extended this same law, \$25 million quarterly limitation, until July 1, 1954. Incidentally, this idea of a quarterly allocation, less sales, originated with the gentleman from Indiana [Mr. ADAIR]. This feature has worked well.

It cannot be stressed too often that the Veterans' Administration is empowered to make a direct loan only after it is determined that private capital is not available. In practice, under existing law, whenever an eligible veteran makes an application for direct loan and is found to be basically qualified, he must show that he is unable to obtain a 4 1/2-percent loan from private lending sources in the area. It is only after private sources have proved unavailable that the Veterans' Administration makes

a loan in a designated area. As of January 31, 1954, 43,198 loans had been made in the average amount of \$6,890 each. Five hundred and nineteen of these loans have been repaid in full; 61 have been foreclosed or voluntarily curtailed; and only 163 were in default, or four-tenths of 1 percent.

The need for this legislation is indicated by the Veterans' Administration report which, among other things, points out:

A further improvement in the supply of private funds for GI loans in 1954 appears likely but the possibility is remote that such funds will become available to any considerable extent in the rural areas where private capital has never been generally available for financing loans to veterans. This, together with the fact that the magnitude of the waiting list of veterans applying for direct loans in eligible areas has increased during the past year suggests that there is a continuing need for direct loans.

The Veterans' Administration has also pointed out that—

It would appear that private lending sources are not yet able to supply funds for loans to veterans in most rural or semirural areas at interest rates comparable to that for VA guaranteed loans.

The Veterans' Administration has also recommended that an extension of at least 1 year be voted.

Because of the excellent history enjoyed by this program, and the conservative management which has been given since the date of its inception, I hope that the House will speedily pass this bill and that we may see it enacted into law before much more time has elapsed.

Under unanimous consent, Mr. Chairman, I insert at this point as a part of my remarks the latest statistics on the direct loan program showing the amounts of loans in each of the individual States:

Direct loan program as of Jan. 31, 1954

Location	Fully disbursed loans		Terminated loans				Loans outstanding	Loans in default			Applications in process—funds reserved	Applications awaiting processing and veterans on waiting list <sup>1</sup>
	Number	Average amount	Sold		Repaid in full	Foreclosed or voluntarily conveyed		Total	4 or more installments			
			Number	Percent of fully disbursed loans					Number	Percent of outstanding loans		
Total	43,198	\$6,890	1,709	4.0	519	61	40,909	1,475	163	0.4	7,042	<sup>2</sup> 32,438
Alabama: Montgomery	1,745	7,284	1	.1	14	2	1,728	79	9	.5	209	1,378
Alaska: Juneau	436	8,778	0		9	1	426				41	92
Arizona: Phoenix	210	7,012	3	1.4	2	0	205	4	0		40	384
Arkansas: Little Rock	1,090	6,539	19	1.7	11	0	1,060	22	2	.2	116	577
California:												
Los Angeles	219	8,154	11	5.0	2	0	206	5	1	.5	55	10
San Diego	243	8,396	0		3	2	238	3	0		36	0
San Francisco	573	8,869	0		7	0	566	15	2	.4	131	426
Colorado: Denver	626	7,066	19	3.0	10	4	593	18	1	.2	57	<sup>2</sup> 439
Connecticut: Hartford <sup>3</sup>												
Delaware: Wilmington <sup>3</sup>												
District of Columbia: Washington <sup>3</sup>												
Florida:												
Miami	114	8,792	0		0	0	114	3	0		66	449
Pass-A-Grille	691	7,705	15	2.2	6	0	670	12	0		109	<sup>2</sup> 741
Georgia: Atlanta	1,635	6,739	3	.2	17	1	1,614	141	6	.4	219	2,851
Hawaii: Honolulu <sup>3</sup>												
Idaho: Boise	361	7,318	77	21.3	1	0	283	4	2	.7	11	107
Illinois: Chicago	1,473	6,880	155	10.5	11	4	1,303	62	5	.4	565	1,588
Indiana: Indianapolis	1,546	5,936	146	9.4	21	1	1,378	52	10	.7	111	1,191
Iowa: Des Moines	1,039	6,417	70	6.7	15	0	964	24	1	.1	177	109
Kansas: Wichita	475	6,868	135	28.4	3	0	337	12	1	.3	62	231
Kentucky: Louisville	2,682	6,347	2	.1	30	10	2,640	62	7	.3	298	<sup>2</sup> 1,578

<sup>1</sup> Applications on hand awaiting preliminary clearance plus veterans waiting to file applications.

<sup>2</sup> Data as of Dec. 31, 1953.

<sup>3</sup> No portion of region eligible for direct loans.

## Direct loan program as of Jan. 31, 1954—Continued

Location	Fully disbursed loans		Terminated loans				Loans outstanding	Loans in default			Applications in process—funds reserved	Applications awaiting processing and veterans on waiting list
	Number	Average amount	Sold		Repaid in full	Fore-closed or voluntarily conveyed		Total	4 or more installments			
			Number	Percent of fully disbursed loans					Number	Percent of outstanding loans		
Louisiana:												
New Orleans.....	859	\$7,343	0		11	0	848	7	0		127	1,084
Shreveport.....	610	6,972	0		9	1	600	23	3	0.5	90	416
Maine: Togus.....	457	5,392	141	30.9	10	1	305	7	0		73	55
Maryland: Baltimore.....	468	7,567	29	6.2	9	1	429	16	4	.9	36	150
Massachusetts: Boston <sup>1</sup> .....												
Michigan: Detroit.....	1,043	7,009	18	1.7	4	0	1,021	44	1	.1	353	2,100
Minnesota: St. Paul.....	867	6,714	5	.6	10	3	849	47	4	.5	93	70
Mississippi: Jackson.....	1,672	7,331	18	1.1	9	3	1,642	53	7	.4	172	2,359
Missouri:												
Kansas City.....	603	6,697	6	1.0	10	0	587	15	0		79	2,865
St. Louis.....	866	6,533	7	.8	11	0	848	16	1	.1	174	471
Montana: Fort Harrison.....	847	7,034	52	6.1	21	1	773	9	0		80	504
Nebraska: Lincoln.....	551	6,813	21	3.8	15	0	515	0	0		49	70
Nevada: Reno.....	229	8,164	0		3	0	226	2	0		49	230
New Hampshire: Manchester <sup>2</sup> .....												
New Jersey: Newark <sup>2</sup> .....												
New Mexico: Albuquerque.....	528	7,583	0		2	0	526	7	1	.2	71	409
New York:												
Albany.....	134	6,536	2	1.5	2	0	130	6	2	1.5	37	0
Buffalo.....	141	6,122	31	22.0	0	1	109	1	0		8	0
New York <sup>2</sup> .....												
Syracuse.....	92	6,271	41	44.6	0	0	51	1	1	2.0	3	1
North Carolina: Winston-Salem.....	1,735	7,135	9	.5	9	2	1,715	72	1	.1	552	1,306
North Dakota: Fargo.....	626	5,903	77	12.3	16	2	531	15	2	.4	96	0
Ohio:												
Cincinnati.....	892	6,346	75	8.4	12	0	805	21	0		130	1,083
Cleveland.....	842	7,189	20	2.3	7	0	815	23	5	.6	99	1,546
Oklahoma:												
Muskogee.....	394	6,231	0		6	0	388	2	0		29	0
Oklahoma City.....	297	6,679	13	4.4	1	0	283	4	0		49	0
Oregon: Portland.....	311	7,048	21	6.8	2	0	288	13	2	.7	57	25
Pennsylvania:												
Philadelphia <sup>2</sup> .....												
Pittsburgh.....	831	6,724	60	7.2	10	0	761	24	3	.4	275	783
Wilkes-Barre.....	1,185	6,562	66	5.6	26	2	1,091	54	9	.8	63	37
Puerto Rico: San Juan.....	344	8,261	0		3	0	341	55	0		104	627
Rhode Island: Providence <sup>2</sup> .....												
South Carolina: Columbia.....	854	7,075	30	3.5	5	0	819	50	5	.6	205	754
South Dakota: Sioux Falls.....	636	6,644	19	3.0	21	0	596	14	3	.5	86	316
Tennessee: Nashville.....	1,262	6,408	21	1.7	14	6	1,221	87	9	.7	247	1,076
Texas:												
Dallas.....	593	7,237	0		3	0	590	0	0		128	86
Houston.....	470	7,258	0		4	5	461	11	2	.4	105	59
Lubbock.....	507	6,911	0		5	0	502	26	4	.8	45	428
San Antonio.....	219	7,375	0		1	0	218	3	0		50	740
Waco.....	522	6,645	0		6	0	516	3	1	.2	92	133
Utah: Salt Lake City.....	277	7,271	5	1.8	5	0	267	10	0		54	274
Vermont: White River Junction.....	202	5,408	22	10.9	1	0	179	6	1	.6	13	3
Virginia: Roanoke.....	1,962	7,084	0		21	2	1,939	30	3	.2	281	2,297
Washington: Seattle.....	301	7,341	1	.3	6	0	294	33	2	.7	35	338
West Virginia: Huntington.....	1,473	6,404	0		13	0	1,460	115	35	2.4	325	1,726
Wisconsin: Milwaukee.....	1,095	6,843	165	15.1	33	6	891	28	5	.6	98	2,686
Wyoming: Cheyenne.....	243	7,961	78	32.1	1	0	164	4	0		27	249

<sup>1</sup> Data as of Dec. 31, 1953.<sup>2</sup> No portion of region eligible for direct loans.

I should like to state, Mr. Chairman, how extremely helpful have been the members of the Committee on Veterans' Affairs. There are 14 Republicans and 14 Democrats, and we have all worked very much as a unit. The veterans are very lucky to have that membership on that committee.

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

Mrs. ROGERS of Massachusetts. I yield to the gentleman from Kentucky.

Mr. PERKINS. Mr. Chairman, I wish to congratulate the gentleman for her excellent work in behalf of veterans. There is one thing on which I would like to have a little information. If I recall correctly, last year the interest rate was raised from 4 to 4½ percent on both direct and guaranteed loans. We all know that the cost of veterans housing has been climbing for the past few years and today it is too expensive. I am wondering whether the gentleman's committee has given consideration to legislation lowering the interest rate. The fact that a large number of veterans are now unemployed makes it

more important that we take action and make adequate funds available at a reasonable interest rate in order that more homes may be constructed and purchased by the veteran. The correspondence that I have received convinces me that this authorization is inadequate. In nearly every instance that I have contacted the Veterans' Administration, I find that the veteran must be placed on the waiting list for a loan because of the lack of funds. I am hopeful that something can be done to correct this situation by making funds available for the veteran. I think it is well understood that the increase in interest rate requires an actual cash outlay of the average veteran who is borrowing money to build a \$10,000 home of something in excess of \$600. This \$600 is an important item to a veteran who is making every effort to finance a home for himself and family.

Mrs. ROGERS of Massachusetts. I should like to say to the gentleman that the committee is considering that. Last year, as the gentleman knows, the rate was raised administratively to 4½ per-

cent. The committee went along with that, and now we are going to try to get it lowered.

Mr. PERKINS. Another question, if the gentleman will yield. If I recall correctly, the change in the interest rate was in line with the administration's policy that is often referred to as the hard-money policy, which was put into effect in the spring of 1953. Developments since that time have been such that the administration has abandoned this hard-money policy in its refunding operations and has supposedly gone to considerable effort to encourage the building of more homes for veterans. The veteran gave a portion of the best years of his life to the service of his Government at a time when wages and employment were at a high level, and he at least deserves the opportunity to borrow money at an interest rate below 4½ percent. Is that not correct?

Mrs. ROGERS of Massachusetts. I think the gentleman will find that the members of the committee are extremely anxious to do that, and I hope some leg-

islation will come out looking to that end.

Mr. Chairman, I yield the balance of my time to the gentleman from Ohio [Mr. AYRES].

Mr. AYRES. As our chairman of the committee has explained the purpose of the bill, I should like to add for the benefit of the Members, some of whom perhaps are not familiar with the exact manner in which a county becomes eligible for direct loans, that that authority is vested in the central office of the Veterans' Administration—the regional office may recommend that the decision is made in Washington. If there are Members who would like to know whether or not the counties within their districts are eligible for direct loans, they can get that information by contacting the regional office.

The purpose of the direct-loan program is to aid those veterans in non-metropolitan areas where private capital is not available. It is not the intent of the program to compete with private capital. It is the intent of the program to provide the same services and the same opportunities in the matter of getting a veteran's loan.

Mr. ROGERS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. AYRES. I yield to the gentleman from Colorado.

Mr. ROGERS of Colorado. The gentleman made reference to the availability of private capital to grant loans. Has the gentleman's committee studied the situation to ascertain in how many areas the Veterans' Administration has declared private capital is not available?

Mr. AYRES. There will be inserted in the RECORD a complete breakdown of all direct loans made, in the several States. I cannot give the information in detail at this time, but that will be inserted in the RECORD in connection with this debate.

Mr. ROGERS of Colorado. Has there been any representation made to the committee that the Veterans' Administration is slow in declaring that private capital is not available for veterans to secure loans?

Mr. AYRES. Yes. We have gone into that for the last year and a half. The gentleman from Oklahoma [Mr. EDMONDSON] and I just returned 10 days ago from California, where that complaint had been registered. Last fall the gentleman from Oklahoma [Mr. EDMONDSON] and the gentleman from Texas [Mr. TEAGUE] traveled through the Southwest and came up with some very interesting information so far as the shortage of private capital is concerned in those particular areas.

Mr. ROGERS of Colorado. But there is nothing in this legislation that would change the practice or formula that has been used by the Veterans' Administration heretofore?

Mr. AYRES. No. This is just a continuation of the existing direct loan program.

Mr. ROGERS of Colorado. Does the gentleman know how much proof the Veterans' Administration require before they will declare private capital not available?

Mr. AYRES. That is left somewhat to the discretion of the local administrator in each regional office. I can speak only for my own State of Ohio. The territories and counties that are eligible for direct loans are those outside any metropolitan city or the county in which the city is located.

Mr. ROGERS of Colorado. I have had a great deal of complaint from veterans who attempt to get loans and are told that their area is one where private capital is still available. Then when they go to get a loan from private capital, they are unable to do so.

Mr. AYRES. To what particular area does the gentleman refer?

Mr. ROGERS of Colorado. The city and county of Denver.

Mr. AYRES. You cannot get a direct loan in that county or within the city of Denver—it is a metropolitan area. According to the information that we received from the Veterans' Administration prior to going to California to hold hearings, and we had hoped to hold hearings in Denver, there was not any shortage of money there for veterans' loans.

Mr. ROGERS of Colorado. That is where the difficulty comes. The veteran may make an application to the FHA or other lending agencies, but may be unable to get such a loan due to the interest rate and other factors. Then when he goes to the Veterans' Administration they say, "No, we cannot lend you this money at all because we still maintain that there is enough private capital here," although private capital would not make that loan.

Mr. AYRES. I would contact the United States Savings and Loan League and also the major veterans organizations to find out who has been giving us misinformation, because they informed us it was not necessary to go into that area. If there is a shortage we would be very happy to investigate it.

Mr. ROGERS of Colorado. I thank the gentleman.

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

Mr. AYRES. I yield to the gentleman from Kentucky.

Mr. GOLDEN. This program in my State of Kentucky meets with the approval of all parties concerned, but they are always running out of money. I have had a large number of veterans write me who had been qualified but were informed that the fund was already exhausted. I am wondering how the provisions of this bill and the supply of money this year compare with what we have had in the past.

Mr. AYRES. It is the exact amount, \$100 million, for the next fiscal year, but I am of the opinion that more money will be available for this reason: This is a revolving fund. As the mortgages are sold the payments from those mortgages go back into the fund.

Mr. GOLDEN. There is another question I wanted to ask. I made some inquiries and found they were making efforts to dispose of some of this paper.

Mr. AYRES. They are having more success than they have had in the past in the disposal of it. There is one other

thing that may help in the gentleman's area, as well as that of the gentleman from Denver. When the gentleman from Oklahoma [Mr. EDMONDSON] and I were in California, the suggestion was made that perhaps the guaranty on the GI guaranteed loan—that is, the percentage of the guaranty—should be increased from 60 percent to 75 or 90 percent. The gentleman from Oklahoma and I have both introduced bills to that effect and are going to hold hearings on that subject. Some of the leading lending agencies of the country have told us that since the default rate on veterans' loans is so low it might be feasible to raise the guaranty. If that should be done, there should be more lending agencies eager to get out into the rural areas or the areas in which they are not now interested.

Mr. GOLDEN. I think this committee should keep a close watch on the ability to convert this paper into money so it will furnish new funds for the veterans.

Mr. AYRES. We have had the gentleman from the Veterans' Administration before us. They know we are pushing them to be good salesmen and get this paper back into the hands of private investors so that more money will revolve back into the fund.

Mr. Chairman, I want to take this opportunity to thank Mr. Edwin B. Patterson and Mr. Oliver E. Meadows, of the staff of the committee, for their help with the work of the subcommittee.

Mr. Chairman, I yield 7 minutes to the gentleman from Indiana [Mr. ADAIR].

Mr. ADAIR. Mr. Chairman, I think it might be well for us to recall some aspects of this program as we consider it here today. In the first place, beginning in 1950 the program was instituted with a loan fund of \$150 million. That fund shortly was exhausted and it became necessary to augment it. That has been done in the years since. At one time Congress authorized an additional \$125 million, and then again the sum was authorized to be augmented by \$100 million on a revolving-fund basis. The way that revolving fund works is this: Each quarter \$25 million are available. If that amount cannot be realized, and it has never been, from the sale of existing loans by the Veterans' Administration, then the Treasury must put in enough money each quarter to make at least \$25 million available. On that basis, there is up to January 31 of this year involved in this program the sum of \$376 million. I am speaking now in round numbers. Of that there is the original \$150 million, which has been increased by quarterly increments, previously mentioned, to the amount of approximately \$190 million. It has been further increased by the sale of existing loans in the amount of something under \$11 million, and finally there is over \$24 million representing repayments on the principal of existing loans. This legislation, which is before us today, would make available for the next fiscal year an additional \$100 million.

The question frequently arises, and has on this floor today, as to the areas where these loans may be made. There was a brief period in 1952 when these

loans could be made in certain areas, which included cities as large as 100,000 people. That is no longer the case. I am informed there are no communities now larger than 50,000 people which have been declared to be eligible for these loans, and most of them are made in communities in which the largest towns are much smaller. In other words, these direct loans are supposed to take care largely of rural communities or areas in which small towns are located.

Some question has been made as to the interest rate, which is currently 4½ percent. In that respect the law provides that the interest rate shall be the same as that paid on guaranteed loans but not more than 4½ percent.

On the whole, Mr. Chairman, I think this is very good legislation. As has been pointed out, the rate of defaults is extremely low. The Government is realizing some income from the interest paid on these loans. I think the legislation should be passed.

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

Mr. ADAIR. I yield.

Mr. WIER. With reference to the statement which has been made here 2 or 3 times, I would like to ask some questions. Representing the Third District in Minnesota, the Veterans' Administration for that area is in my district, that is the property is. That is in Hennepin County, Minneapolis. I also represent the five rural counties and in Washington County, we have the city of Stillwater, Minn., which represents about 12,000 people.

Since January of this year I have received four communications from veterans in Stillwater, Minn., advising me that they have made application, that they have the qualifications for a loan for a home but when they applied to the Veterans' Administration service office in Fort Snelling they were advised that they ought to go back to Stillwater and try to make a loan there from a bank or a building and loan association.

They have been turned down on the loans and communicated with me. I wrote to Mr. Mumma, manager of services in Fort Snelling and he advised me that there are no Veterans' Administration services available in Washington County. He advised me to send the boys to him. It was quite a personal way in which he put it. In other words, I am trying to tell you that that county has no available funds for these veterans who make application to the Veterans' Administration and the Veterans' Administration at Fort Snelling cannot make it to the county.

Mr. ADAIR. As the gentleman points out, there are certain areas in which loans are not available. There are 2 or 3 criteria for the making of these loans.

In the first place, the area must be determined to be an area in which loans can be made. That determination is made by the Veterans' Administration.

Secondly, the money must be available.

Thirdly, the person must have gone to a private lending institution and tried to make his loan there, and have failed to obtain it. Although there are others,

these are the basic issues that the veteran-applicant must meet.

As of last January of this year, according to my recollection there were about 7,600 pending loans throughout the United States. It might be that the loans to which those gentlemen refer are in that category; I do not know. But there is still money in the fund and if the area has been so designated and if the private agencies have declined, then these applicants ought to be eligible for a loan.

Mr. WIER. Then the last question is: Is it possible for the Administrator or the manager at Fort Snelling to approve a qualified loan in Washington County, for a loan out of the central office at Fort Snelling?

Mr. ADAIR. If he is authorized by the Veterans' Administration.

Mr. WIER. That is the catch; I presume he is not.

Mr. ADAIR. If he does not have that authorization he cannot.

Mr. WIER. Then what good will this bill be to my constituents?

Mr. ADAIR. It will make more money available.

Mr. WIER. It does not give the Administrator that authorization.

Mr. AYRES. I would say to the gentleman from Minnesota that since the beginning of the program 867 loans were granted in Minnesota.

Mr. WIER. That is a very small percentage, for Minneapolis alone has a population of over 500,000.

Mr. EDMONDSON. Mr. Chairman, I yield myself 2 minutes.

The ranking minority member of this subcommittee, the gentleman from Texas [Mr. TEAGUE], is temporarily absent from the floor. He was called away only a few moments ago on official business. I would like to ask at this time unanimous consent that he may insert his remarks at this point.

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

There was no objection.

Mr. TEAGUE. Mr. Chairman, the Servicemen's Readjustment Act of 1944 included provisions for guaranteed loans to veterans for the purpose of purchasing homes, farms, and establishing businesses. Most of the Veterans' Administration's loan guaranty activity has been for home loans. After the program had operated for several years, it became apparent that veterans living in rural and semirural areas were deriving little or no benefit from the act. In those areas, no lenders could be found who were willing to lend money even with a Veterans' Administration guaranty at a 4 percent interest rate and the situation did not improve when the maximum interest rate on guaranteed and direct loans was raised to 4½ percent early last year.

In an effort to equalize opportunity for veterans residing in rural and semirural areas, the Congress established the direct loan program on July 19, 1950. To qualify for a direct loan, a veteran must show that he cannot secure financing from private lending sources. He also must reside in an area designated by the Veterans' Administration as being

a direct-loan area. The bill under consideration would extend the direct-loan program for 1 year on the same basis that it operated last year, \$25 million a quarter, or a total of \$100 million. It must be recognized that \$100 million will in no way meet the demands for direct loans. The Subcommittee on Housing of the Veterans' Affairs Committee, of which I am a member, has held hearings throughout the United States during the past 2 years. We have found big waiting lists for direct loans wherever we have gone. The waiting list would be even larger if the veteran had any hope of reaching the top of the list within a reasonable period of time. In most instances, it takes at least 6 months or more to reach the top of the waiting list. In these cases, the property in which the veteran was interested is usually sold before his loan is processed.

The direct-loan program as extended by H. R. 8152 will help some in removing the inequity between veterans residing in rural and city areas. I regret to say, however, that the bill does have one major shortcoming. I have introduced a bill, along with the gentleman from Oklahoma, Congressman EDMONDSON, which would extend the privilege of obtaining a direct loan to a veteran who wishes to purchase a farm. I do not believe that the present limitation of the bill which permits direct loans for the purchase of residential property only is fair. A veteran may obtain a guaranteed loan for the purpose of buying a farm on which to live, but he may not obtain a direct loan for the same purpose. The program has been working well and the default rate has been low. In questioning lenders who have appeared before the Subcommittee on Housing, we have found very little objection to the direct-loan program. I have heard no complaint that direct loans are being made where lenders wish to place private financing.

Mr. EDMONDSON. Mr. Chairman, I would also at this time like to observe that the second ranking Democrat on the Veterans' Affairs Committee, the gentleman from Tennessee [Mr. EVINS] who has always been deeply and sincerely interested in this program and this legislation, has been called home on account of the death of his father and could not be present when the bill was called. I know of his interest in this legislation and of the regret he has that he could not be present to express his personal interest in this matter.

Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Chairman, there is no doubt but that this committee has done a fine job through the years, and an especially good job under the chairmanship of the distinguished gentleman from Massachusetts [Mrs. ROGERS]. The committee has always approached veterans' problems from the viewpoint of the best interests of the veteran and the best interests of the country. I am very happy to take a moment to express our compliments to all the members of that committee.

I know that they are deeply concerned with the fact that many veterans are being deprived of the opportunity of

taking advantage of the various loan programs, and particularly this very loan program, because of increased interest rates.

We remember that not so long ago when the administration decided that we needed hard money or sound money, which soon proved to be money harder to get, they increased the interest rates right across the board; at least, that was the effect of what they did when they offered those high interest rates on Government bonds.

Then we saw the interest rate on veteran loans raised from 4 percent to 4½ percent. While the committee has diligently attempted to give thought to the problem of cutting the interest rate for the veterans and helping them to acquire better shelter for their families, unfortunately nothing has as yet come before the Congress that will accomplish that very desirable result.

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

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

Mrs. ROGERS of Massachusetts. The temper of the Committee on Veterans' Affairs is very much in favor of cutting the interest rate and we hope to have a bill along that line considered very shortly. The gentleman himself has introduced a bill for that purpose.

Mr. MULTER. I thank the gentleman for that comment.

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

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

Mr. YOUNGER. The gentleman realizes that before the interest rate was raised the discount rate which was promulgated actually increased the cost of the home to the veteran more than the increased interest rate?

Mr. MULTER. Yes, there is no doubt about that. The Committee on Veterans' Affairs and the Committee on Banking and Currency, I know, have tried to eliminate that additional cost that was tacked on by way of discount. The argument was always made that that charge was paid by the lender who discounted the mortgage, actually it was always passed on to the builder and by the builder to the veteran who bought the house. The veteran always had to pay that additional cost. No matter how they tried to camouflage it whether as a discount or a brokerage or what not, it was a cost added to the cost of the house and the veteran in the final analysis had to pay it.

In May of last year the gentleman from New York [Mr. KEOGH] joined with me in introducing a bill which sought to bring the interest rate to the veteran down to 3½ percent, not increase it from 4 to 4½ percent but decrease it from 4 to 3½ percent. We sought to do that in a manner which would have cost the Government of the United States very little. That bill had a provision, not mandatory but permissive, that would permit the lending of money at an interest rate of 3½ percent. You might ask, Why will anybody lend money at 3½ percent when they can get 4½ or 5 percent? Why should the lenders put their money out at 3½ percent?

The bill that we introduced sought to accomplish that purpose very simply. It provided that any time a veteran's mortgage guaranteed under title III of the Servicemen's Readjustment Act called for an interest rate of not more than 3½ percent per annum that interest would be tax exempt.

In other words, the veteran would be called upon to pay only 3½ percent interest and the lender who wanted to help the veteran acquire his home by lending on a 3½ percent mortgage rate would not pay any income tax to the United States Government on the interest so earned. The total cost of this program to the United States Government, if you adopt that kind of a provision, would be hardly anything in lost income tax on these 3½-percent mortgages.

We saw that when the veterans came back after World War II they were required to pay as high as \$8,000 for a \$4,000 house and today they probably are paying \$10,000 for that same \$4,000 house. In addition to that, you have the high interest rate.

I think we can easily cope with this problem today in connection with this bill.

In order to do that, I am going to offer an amendment when the bill is read in order to give you the opportunity to adopt this method of giving the veterans of the country an opportunity to get 3½ percent interest mortgages and thereby make more homes available to more veterans of the country.

I sincerely hope the Congress will support my amendment.

Mr. EDMONDSON. Mr. Chairman, I yield such time as he may desire to the gentleman from Alabama [Mr. SELDEN].

Mr. SELDEN. Mr. Chairman, I rise in support of the bill, H. R. 8152, now under consideration. This measure, reported unanimously by the Committee on Veterans' Affairs, extends for 1 year, or until June 30, 1955, the veterans' direct-loan program. In addition, it authorizes for the program's revolving fund an additional sum not to exceed \$100 million. This amount is to be allocated in quarterly installments of \$25 million each, less the proceeds of direct-loan sales in the preceding quarter.

The veterans' direct-loan program is, of course, supplemental to the VA guaranteed GI loan program. It was originally enacted in 1950 to enable veterans living in small towns and semirural communities to benefit from the GI housing program. Under this legislation, veterans can qualify for a direct loan only if they are judged to be a good credit risk and can furnish evidence that they have been unable to obtaining a housing loan from private sources at 4½-percent interest. These loans are repaid by the veterans with profit to the Treasury.

In the State of Alabama, as of January 31, 1954, there have been 1,745 fully disbursed loans made for an average amount of \$7,284. Of the total number of loans outstanding, only 0.5 percent are in default. This latter figure, certainly a tribute to the veterans of Alabama, is a good indication that the Federal Government is not to date losing money on the direct-loan program.

It was my hope that the amount currently authorized for the direct-loan program would be increased by the legislation now under consideration. Inadequate funds for this program have built up long waiting lists. In my State, for example, there are more than 1,300 veterans whose loans are now awaiting further appropriation of funds. Yet, with ample evidence that additional funds were needed, it was the opinion of the members of the Veterans' Affairs Committee that the Congress would not appropriate funds in excess of \$100 million at this time.

Should the demand for direct loans to veterans fail to be met in fiscal year 1955 by the funds available, I hope the present administration will recommend increased funds for the direct-loan program for the following fiscal year and that Congress will act accordingly.

Mr. EDMONDSON. Mr. Chairman, I yield myself 9 minutes.

Mr. Chairman, I believe it has been truly stated on the other side of the aisle that this bill represents a bipartisan effort in the truest sense on the part of the Committee on Veterans' Affairs. I would not like to let this opportunity pass without expressing my deep and honest appreciation to the chairman of our committee, the gentleman from Massachusetts [Mrs. ROGERS], for the very deep and sincere concern which I have found her to show toward the veteran and his problem at all times. It is a 24-hour concern with her, and that spirit, I know, is deeply appreciated on the part of the members of this committee on both sides.

Mr. Chairman, I also want to express my appreciation, and I am sure the appreciation of other Democrats on the committee, to the chairman of the subcommittee, the gentleman from Ohio [Mr. AYRES], for his ability, for his energy, and for his fairness in dealing with the problem of housing for the veteran. We appreciate particularly his accommodation to us in the matter of hearings in the States of Texas and Oklahoma during last fall. I did not want this moment to pass without expressing that appreciation to the members of the committee on the other side of the aisle for the bipartisan spirit in which they have approached these difficult problems.

Mr. Chairman, I think it can also be said, and I think admitted on both sides by the committee members, that this bill does not represent the idea of the committee as the ideal in the way of a direct loan program. I know from the bills that have been introduced by members of the committee that there are a number of members on the Democratic as well as the Republican side who feel that more money should be made available for this program; who feel that there is not an adequate fund available today; and, in the absence of the revolving of this fund, that it is going to be essential one of these days to increase the amount of direct loan money unless we have private lending institutions meeting the challenge more adequately of the need for housing in our rural areas and in our small towns. I think in the course of our hearings in

Ohio, Oklahoma, Texas, and California we listened to probably 12 regional officers who were in charge of the guaranteed-loan program and in charge of the direct-loan program in these regional offices. I think we found only one regional office in which they stated to us that there had been any decline in the demand for these direct loans.

In practically every other office the testimony was uniform that there was not enough money to meet the demands, and there are waiting lists at this time. In other words, the need is not being met in our country areas, in our small towns, where there is an urgent need to keep our young people on the land. I think that sooner or later Congress is going to have to recognize this problem and come in with legislation for more money for the direct-loan program.

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

Mr. EDMONDSON. I yield to the gentleman from West Virginia.

Mr. BAILEY. Correspondence reaching me from veterans would indicate that rural veterans who desire to build a residence on a farm or in suburban areas, where they do not have conveniences, such as they have in the cities, are having difficulty in getting these loans. Is there anything in this bill that would correct that situation?

Mr. EDMONDSON. May I say in answer to that question that the only way that we can meet that problem in this bill is to make available the same amount of money that has been available during the last 9 or 10 quarters for the program. I think we are meeting the problem to a limited extent, but a very limited extent, too limited. I know from expressions which I have heard from the chairman of this committee and the chairman of the subcommittee that this is a fairly general view that is shared by the members of the Committee on Veterans' Affairs.

Mr. BAILEY. I want to thank the gentleman from Oklahoma [Mr. EDMONDSON] and compliment him, as well as the members of the committee for their attempt to solve this very important problem.

Mr. EDMONDSON. I thank my friend from West Virginia.

A second general observation I think could be made with regard to this direct-loan program and that is that it stops short in the scope of the authorization for the direct loan. Personally, I am of the belief that the direct-loan program should provide for direct loans to purchase not only a farm home but also farmland. Anybody who has any farms in his district is acquainted with the fact that a loan for a farm home only does not meet the need. It does not meet the need of the GI who is going into farming. He needs access to a direct loan to purchase land to work and to produce, and there is no reason why these direct-loan funds should not also be made available for the purpose of purchasing farmlands.

As a final general observation, I think there is sentiment on both sides of this committee for action, in the very near future, by the Veterans' Administration to roll back the interest rate on the GI

loans. Under the authority which was granted in the law to the Administrator of Veterans' Affairs, he saw fit last year, when there appeared to be an inflationary situation and money for low-interest loans was reported scarce, to increase the interest rate to 4½ percent. Anybody who reads the reports on the money market is aware of the fact that today the trend is in the opposite direction and is toward reducing interest rates. I see no good reason why the Administrator of Veterans' Affairs should not recognize this plain situation and roll back the interest rate, making it possible for the veteran once again to borrow money at 4 percent, the interest rate which prevailed at the close of 1952. I think the time has come for the Administrator to recognize that situation and take the step which is within his power to roll back the interest rate once again, not only on guaranteed loans but also on direct loans.

At the present time that increase in the interest rate is adding to the cost of any home purchased under the direct loan program, or the guaranteed loan program, anywhere from \$600 to \$1,000. And that is in addition to the cost of the home. That is unnecessary in the light of the present situation of the money market and the trend that is apparent in the money market to anyone reading the financial pages. I think the sooner the interest rate is rolled back, the sooner it gets to the proper level, the better it will be for our veterans and the better it will be for our entire economy.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield to me?

Mr. EDMONDSON. I am glad to yield to the distinguished chairman of the committee.

Mrs. ROGERS of Massachusetts. As the gentleman knows, the committee plans to have hearings almost immediately on that very subject.

Mr. EDMONDSON. I am very glad that those hearings will be held, and I commend the gentlewoman for her decision to hold those hearings.

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

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

Mr. FOUNTAIN. It is true, is it not, that those veterans who have already negotiated loans at a 4½ percent interest rate will have to continue to pay that interest rate?

Mr. EDMONDSON. I am afraid that the gentleman is correct. They will be held to their contracts and will have to continue to pay the 4½ percent interest rate.

Mr. FOUNTAIN. So that the situation is serious and so it is all the more important for action to be taken immediately to roll back that interest rate to 4 percent or less.

Mr. EDMONDSON. I think the gentleman is exactly correct in his observation on that.

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

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

Mr. MULTER. To the extent that these mortgages have not been sold and

are still held by the Veterans' Administration—that is, by the United States Government—we could reduce that interest rate. The only thing is that the Government would lose a little of the income. Since this is a profitable program and we are not seeking to make a profit on the veterans, we could roll back the existing interest rate on those loans that are still held by the United States Government. Is not that so?

Mr. EDMONSON. I think on the direct loan program it would be possible to do that. On the guaranteed loan program I do not believe it would be possible.

Mr. MULTER. I think the gentleman is right. I thank the gentleman.

Mr. AYRES. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. SPRINGER].

Mr. SPRINGER. Mr. Chairman, I rise for the purpose of pointing out three things here concerning which I have been questioned by some of my colleagues.

The first is, I know some of my colleagues are disturbed because we come in, it seems like every year or two, to ask for an additional amount to be added to the fund. This loan money is not a loss proposition. Strange as it may seem, this operation is a money-making one. If this program continues for the full 20 years, the United States Government will make about \$70 million. It will not lose any money. If it extends over a period of 12 years, and some of these loans will be paid off in that period of time, we will make somewhere between forty-five and fifty millions. So this program is a money maker. The United States Government will get back every penny it puts into the program plus interest.

In the second place, I know many of you have correspondence from lending institutions at home and from people who are interested in knowing how this will affect free enterprise. Free enterprise has the first two tries at this loan. First, in order for a veteran to get a loan he goes to the lending institution and says, "Will you make me a loan of say \$10,000?" The lending institution goes into it and says, "I am sorry, you aren't qualified. We can't take your loan," for some reason.

The veteran then goes to the Veterans' Administration, which makes an investigation. As the result of the investigation they say the man is qualified. They send him back to the lending institution, which has a second try at the loan. After the investigation has been made the lending institution has a second chance to say to him, "We will not make the loan." If they say at that time that they will not make the loan, then he is qualified to come in under the direct-loan system.

So if there is any free enterprise lending institution that wants to make this veteran a loan, it has two times to try for it.

In the third place, I believe in the city areas there is not a great demand for this program. The program at this time is primarily a rural program, not a city program. The problem that is presented in this direct-loan program is to find out the rural areas that will not make loans. I know there are some prob-

lems connected with this in small communities. Anyone who has been in a small business knows that you are not going to have enough of this business in the small areas to justify the amount of expenditure you have to put on this type of loan.

Many of you who are familiar with the lending of money will realize that in order to supply and maintain this kind of loan, you have to have some kind of volume. In cities, the reason you have not run into this trouble is that you have large lending institutions that may have 1 or 2 people in a department set up to do nothing but service this type of loan either with these funds or something similar to that in the community. The result of it is that by reason of the volume of the number of loans, it is possible for them to take them, service them, and make a reasonable amount of money on the loans.

Take a small bank in a community of a thousand or six or seven thousand people. That lending institution has a real problem in servicing this type of loan. So you have a reason to have a direct loan system such as is advocated in this bill, and under previous legislation passed by the Congress. These are three important points which some of my colleagues ask me about with reference to the bill, and I trust that I have clarified the situation to some extent.

Mr. AYRES. Mr. Chairman, I ask unanimous consent that all Members may extend their remarks at this point in the RECORD.

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

There was no objection.

Mr. DONOHUE. Mr. Chairman, I am certain that the purpose of this bill will and ought to meet with the unanimous approval of the Members of this House.

Its objective is the authorization to provide additional money for the revolving fund used in making direct home and farm house loans to veterans under the Servicemen's Readjustment Act and to extend its authority to operate until June 30, 1955; as you know, the present authority is scheduled to expire on June 30, 1954.

The evidence and experience that has been presented here by the Committee on Veterans' Affairs, under the chairmanship of my distinguished colleague from Massachusetts, Congresswoman EDITH NOURSE ROGERS, demonstrates that the program has worked extremely well, that the default rate of four-tenths of 1 percent is unusually low, and that the continuous financing has been administered in a very conservative and competent manner.

The veteran has been encouraged and inspired to provide a decent home for himself and his family, the Government has lost no money, and the country as a whole has profited. I earnestly urge you all to promptly vote for passage of this measure because of its proved substantial merit.

May I earnestly urge also, at the same time, that the current interest rate of 4½ percent be reduced to 4 percent at least, at the earliest possible moment.

This extravagant interest rate has visited real hardship upon the veteran and has tended to slow up loan applications to an undesirable and unhealthy extent. If we really want the veteran to participate in the program, then we must place the loan interest rate at a reasonable level. I earnestly hope the House will take appropriate action to accomplish that objective in the near future.

Mr. MILLER of Kansas. Mr. Chairman, I have not the honor to be a veteran either of World War I or World War II.

The date of my birth practically eliminated me from either of those conflicts. But I do have the satisfaction of having, at all times, given support to the men in the field and of making every effort to do justice to them now that they the returned to civilian pursuits.

I am not in favor of handouts to veterans. No able-bodied person is deserving of a handout by the Government. Nor do veterans desire charity. All they want is justice—nothing more.

The plan outlined in this amendment is so simple, so practical, that we must wonder why it was not thought of before.

What possible objection can be raised against it? There can be none.

I should like to see this amendment pass this body without a dissenting vote.

Mr. MARSHALL. Mr. Chairman, I think I can best illustrate the need for the legislation before us today by using the example of one county in my district, Crow Wing County which includes the city of Brainerd, Minn.

This area is served by the Veterans' Administration regional office at Fort Snelling and the quarterly allotment of funds for direct loans in the entire region has never exceeded \$536,000. Since the beginning of the program, 898 direct loans have been made in the regional area in the amount of \$6,015,463. The average loan, therefore, is approximately \$6,800. On this basis the quarterly allotment for the region makes it possible to approve only 79 loans per quarter for the entire regional area.

The allotment for the current quarter is already exhausted and there are 730 requests for direct loans still waiting to be processed at such time when funds become available again. In an effort to be fair to all veterans, the allotted funds are apportioned by the regional office on the basis of the veteran population in the counties.

Realizing that this regional office serves 79 Minnesota counties, 67 of which are eligible for direct loans, it is easy to see that the funds available are grossly insufficient to meet the demand for loans.

Now I would like to show you what this means in one county—Crow Wing—though the same story is repeated in every county.

Sixty-three direct loans totaling \$384,150 have been made in the county, most of them in Brainerd. This represents about 8 percent of all the loans made in Minnesota since the program was inaugurated. Yet there are 68 applications pending and only 10 loans have been made in the county since April 1952, because of inadequate funds. Let me

remind you that this is considered one of the better counties under the program.

At the present rate of approximately five loans a year, it would take over 13 years to handle only those applications now pending. The real problem becomes clear when we realize that many World War II veterans, the veterans who are now establishing families and trying to buy homes, will begin to lose their eligibility in 1957, only 3 years from now.

Despite the housing demand and the need for adequate financing, regular GI loans are still not available in any substantial degree. Housing for veterans in Brainerd was almost at a standstill until the direct loan program was made available in the city 2 years ago.

I think these examples illustrate the need for continuing the direct loan program at what certainly seems to be a modest level. Without this program, the intention of Congress to help veterans own their homes will be thwarted and the housing provisions of the GI bill will be nullified.

Many of the veterans who have applications pending in this one county have come to me in the past several years, and I know that the community and the State will be enriched by the establishment of their homes. They have contributed much to the Nation and they and their families will continue to contribute to our growth if they are given the opportunity of providing homes for themselves in our communities.

Few programs represent a better investment in the future of this country. Stable family life is at the root of the democratic system and decent housing is the first requisite of stable family life.

Mr. PHILBIN. Mr. Chairman, it is with genuine enthusiasm that I support this measure to extend the direct home and farmhouse loan authority of the Veterans' Administration to finance veterans in their purchases of homes.

This measure was part of the original GI bill passed in 1944 which I had the privilege of sponsoring, urging, and voting for. Let me say that I am exceedingly proud of my vigorous support of this and kindred measures for the benefit of our beloved veterans.

The operations of this measure have been most gratifying to all supporters and friends of the veteran and his dependents. Only a puny fraction of 1 percent of loans negotiated under its provisions have ever been in default. This is a splendid record—one which eloquently testifies to the honesty, industry, thrift, and businesslike qualities of our veterans. It shows that the veterans are, like their forebears, devoted to homelife, eager to establish their own homes, anxious to raise their families in clean, wholesome surroundings, determined to recognize the importance of the family unit, not only as the center but the great stabilizing force in sustaining the equilibrium, the vigor, and the beneficent influence of the family as the fundamental cornerstone of American social, economic, and political life, as well as one of the greatest sources of the Nation's spiritual strength.

I am a believer in free enterprise. In my opinion, the free way is the best way,

and it must be zealously preserved. Congress should uphold and protect this system against collectivist encroachments. Government should intervene in the private business affairs and requirements of the people only when free enterprise, for one reason or other, has failed to provide essential services or meet socially recognized needs. I favor reduced interest rates on these loans.

I am convinced that this program is not only meritorious, it has been of inestimable value to our veterans. It must be continued and, when necessary, perfected to meet increasing or vital needs. It is one of the ways which Congress, in behalf of the American people, can express its gratitude to those who have contributed so greatly and unselfishly to the Nation. Let us have a unanimous vote for this bill.

Mr. VURSELL. Mr. Chairman, I am glad to support this measure before us to extend the direct home and farmhouse loan authority of the Veterans' Administration to finance veterans in their purchases of homes.

I recall this measure was a part of the original GI bill passed in 1944 which I had the privilege of helping to write and pass on the floor of this House.

The operation of this particular measure has been so successful that even on its wide front of operations less than 1 percent of the loans negotiated by the veterans under this act have been in default. This is a splendid tribute to the honest ability, the purpose, and integrity of the veterans of our Nation.

It is a tribute to their soundness of judgment, their desire to own their own homes, and their willingness to struggle and save to meet the payments, as hundreds of thousands of them have so successfully done, since the Government provided them the opportunity under such legislation as this which we are extending today for another year, and on which we are voting today to increase the loan fund by \$100 million.

Mr. AYRES. Mr. Chairman, I yield 1 minute to the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN of Michigan. Mr. Chairman, I take this time to ask the members of the committee: Is there anything in this bill where, if a man returned from the service, let us say from the Marines, and if he made a real and vigorous and continuous campaign to exclude the Communists and their sympathizers from positions in the Federal Government, would he be deprived of an opportunity to obtain a loan?

Mr. AYRES. This is just an extension of a bill which was in effect last year. He was entitled to it then. And since he was entitled to it then, he is entitled to it now.

Mr. HOFFMAN of Michigan. And even if he made a record fighting Communists?

Mr. AYRES. Yes, oh, yes.

Mr. HOFFMAN of Michigan. He would?

Mr. AYRES. That is right.

Mr. HOFFMAN of Michigan. I thank the gentleman.

Mr. EDMONDSON. Mr. Chairman, I yield such time as she may desire to the gentlewoman from Idaho [Mrs. PROSR].

Mrs. PFOST. Mr. Chairman, I have today introduced House Joint Resolution 482, entitled "To establish a joint committee to investigate the gold-mining industry." There long has been a demand for such an investigation and several State legislatures have memorialized the Congress on the subject at various times. Since the imposition on the United States mining industry of the infamous gold closing order L-208 in October of 1942, a blow from which gold mining has never recovered, rising costs and a low fixed price for gold have left the industry in perhaps worse shape than in 1943 when the United States Bureau of Mines issued a statement saying "California gold production in 1943 fell below that for any year since 1848." Production never had been restored and the comparison holds true for Idaho and other mining States.

Since the days of L-208 many bills have been introduced to recompense for closed mines, to raise the price of gold, to create a free gold market, to restore convertibility, and for other purposes. These bills generally go to the Committees on Banking and Currency, reports are asked for from the Treasury and other agencies which invariably turn out to be adverse, the bills are pigeonholed and that is the end of them. It has been years since a hearing has been held on a gold bill. It is time something is done.

Economists differ sharply on the role of gold in our present economy. There are advocates of managed currency, there are bimetalists, symmetallists, gold standard, convertibility, partial convertibility, restricted markets, free world markets, free domestic markets, high price, low price, and so on. In the meantime, the gold-mining industry remains in the doldrums and the Congress has no way of determining the right answer.

Stimulating the gold industry would also stimulate the lead-zinc industry where gold is found in combination with these metals. There is one sure thing—opening of gold mines would create jobs for some of our lead and zinc miners who are out of work.

But what we need is to ascertain the full facts. The object of my resolution is the appointment of a committee of 16—5 Members from the Senate, 5 Members from the House, and 6 members from private life—who are familiar with various phases of the gold-mining industry and the problems of gold. Legislation could be recommended by this select joint committee if it found this to be desirable.

The Interior Department and the Bureau of the Budget have stated they are not opposed to the creation of a select committee to make such a study.

In a recent letter Assistant Secretary of the Interior Wormser remarked:

The Department of the Interior recognizes that the gold-mining industry is unique in that the Gold Reserve Act of 1934 restricts the market for its product to the Treasury at a fixed price which has remained unchanged for nearly 20 years while the prices of most other commodities and wage rates have risen substantially. This situation and the accompanying hardship that appears to have developed at many gold mines offers

a field for investigation with the possibilities for recommendations for constructive action.

This is the first kind word any agency has said about an attempt to aid domestic gold mining in many years. I trust, Mr. Chairman, that the Members of this House will press for a favorable report on my resolution and will pass it at this session so that the study can be made during the summer recess.

Mr. EDMONDSON. Mr. Chairman, I yield such time as he may desire to the gentleman from Ohio [Mr. SECREST].

Mr. SECREST. Mr. Chairman, this program has worked well. Over 1,800 veterans are living in homes in Ohio today who would not own those homes had it not been for this program. It does not solve the problem of every veteran who needs a direct loan, but it is a step in the right direction. It is, we think the maximum amount of money that we could get enacted into law, and without its enactment any amount we might want would be useless. I want also to discuss a little bit the question of interest rates. These direct loans are necessary because financial institutions will not lend the veteran the money he needs for his home, and where they will not lend him the money, his only hope is this direct-loan program. The committee last year considered the interest rate, and I think we were unanimous on the Committee on Veterans' Affairs that the rate should remain at 4 percent and not be increased to 4½ percent. But it was increased. This subcommittee is going to hold hearings on housing with respect to the interest rates. They are going to hold hearings on something else which I think is very important, and will, if it operates properly, enable us in the future to eliminate the necessity for a direct-loan program. At the present time these loans to veterans are guaranteed to the extent of 60 percent of their value. The committee is going to hold hearings and may increase that to 75 or 90 percent. I am convinced that if these loans were guaranteed to 90 percent of their value every lending institution in the country would accept them and every veteran who wanted a home could get a loan through the normal lending channels making unnecessary this direct-loan program.

So while I am not a member of this subcommittee—I am a member of the general committee—I say that our Committee on Housing will hold these hearings.

I think the only way and the best way to get good legislation is through the regular committees of the House and through the regular procedures of the House. If we are permitted to proceed in that manner, to consider a proper interest rate, to consider how much of these loans should be guaranteed by the Government, we will be able to come to the House with a bill before this session is over which I think will do far more for the veterans of this country than any speedy action we might take today without the full consideration of this committee itself.

This is a good bill. I hope the bill will pass the House and be enacted into law this year.

Mr. EDMONDSON. Mr. Chairman, I believe the gentleman from Ohio [Mr. AYRES] wanted to close the debate. We have no further requests for time on this side.

Mr. AYRES. Mr. Chairman, before yielding the balance of my time to the able chairman of our committee, the gentlewoman from Massachusetts [Mrs. ROGERS], I would like to commend the gentleman from Ohio [Mr. SECREST] on his remarks regarding the interest rate. As chairman of the subcommittee I may say that we are going to hold hearings on the possibility of increasing the guaranty on the loans from 60 percent. I am quite certain that that is the way to handle any increase or decrease of the interest rate rather than to attempt to do it here on a direct-loan bill.

Mr. Chairman, I yield the balance of my time to the gentlewoman from Massachusetts [Mrs. ROGERS], chairman of the Committee on Veterans' Affairs.

Mrs. ROGERS of Massachusetts. Mr. Chairman, I wish to commend the members of the subcommittee for their very fine work on this and other legislation and for the very fine inspections under the leadership of the gentleman from Ohio [Mr. AYRES], who is chairman of the Subcommittee on Housing. We have a great deal to be thankful for. The other member of that subcommittee, the gentleman from Vermont [Mr. PROUTY], the gentleman from Pennsylvania [Mr. BONIN], the gentleman from Texas [Mr. TEAGUE], and the gentleman from Oklahoma [Mr. EDMONDSON] have without exception been most helpful. This subcommittee has held hearings at various points throughout the country and these hearings have been most helpful to the full committee and to the Congress.

The Clerk read as follows:

*Be it enacted, etc.,* That title III of the Servicemen's Readjustment Act of 1944, as amended, is hereby amended as follows:

(1) By striking out "June 30, 1954" from clause (C) of section 512 (b) and inserting "June 30, 1955" in lieu thereof.

(2) By striking out "June 30, 1954" from the first sentence of section 513 (a) and inserting "June 30, 1955" in lieu thereof.

(3) By striking out "June 30, 1955" from the third sentence of section 513 (c) and inserting "June 30, 1956" in lieu thereof.

(4) By striking out "June 30, 1954" from the first sentence of section 513 (d) and inserting "June 30, 1955" in lieu thereof.

Mr. MULTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MULTER: On page 2, after line 8, insert a new section appropriately numbered to read:

"Interest on veterans' loans: Interest upon any loan which bears interest at a rate of not exceeding 3½ percent per annum, and any part of which is guaranteed under title III of the Servicemen's Retirement Act of 1944 as amended, shall not be included in gross income for income tax purposes and shall be exempted therefrom."

Mr. AYRES. Mr. Chairman, I make a point of order that the gentleman's amendment cannot be considered on a bill involving direct home and farmhouse loan authority, that the amendment would have to be considered by the appropriate committee of the House. It is not germane to this bill.

The CHAIRMAN. Does the gentleman from New York [Mr. MULTER] desire to be heard on the point of order?

Mr. MULTER. Mr. Chairman, the bill now being considered is entitled "to extend to June 30, 1955, the direct home and farmhouse loan authority of the Administrator of Veterans' Affairs under title III of the Servicemen's Readjustment Act of 1944, as amended, to make additional funds available therefor, and for other purposes."

My amendment seeks to do just that; in other words, to make additional funds available therefor. The purpose, as indicated by the amendment, will bring about that very result. It will make more funds available to the program, it will extend the program to more veterans who can then acquire the benefits thereof by the simple expedient of making this low interest rate tax exempt.

The CHAIRMAN. The Chair is prepared to rule.

The amendment offered by the gentleman from New York is too broad. It deals with a problem which comes within the jurisdiction of the Committee on Ways and Means and goes entirely outside of the purposes of this bill. The Committee on Veterans' Affairs does not have jurisdiction over gross income for income tax purposes. For the reasons stated, the Chair is constrained to sustain the point of order.

Mr. MULTER. Mr. Chairman, it is indeed regrettable that this House will be precluded from the opportunity of voting on my amendment which would be of such tremendous benefit to the veterans of our country. This amendment has been recommended by substantial bankers of our country as a certain means of bringing more money into the market for veterans' loans, thus making more homes available to veterans at a lower cost to them and at practically no cost to the Government.

It is very fine for the Members of this House to stand on the floor and decry the fact that veterans are now paying higher interest rates than they should pay. It is fine for our Members to weep copious tears over the fact that the hard-money policy of this administration increased the interest rates on veterans' mortgages. It is indeed nice to hear our colleagues say that now that the money market has eased off they will study the matter of cutting the interest rates back to what they were on these veterans' loans.

It did not require much study to immediately shoot the interest rates up another one-half percent when this administration's sound-money policy made money harder to get.

I cannot understand what study is necessary to restore those interest rates to what they were before.

I can understand even less why a permissive program that will reduce the interest rates to 3½ percent should not at least be tried to determine whether or not it will do any good.

As a Member of this august body I can do nothing but submit to the sustaining of a point of order against my amendment.

I wonder what the reaction of the veteran will be when told that the point

of order deprives him even of the right to try to get a lower interest rate on his loan.

Mr. JAVITS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am in favor of this measure and join with other Members who have said that the subcommittee has done a fine job in bringing it here for consideration today. But I do think that if the measure went by as a routine proposition without some note being taken of what it really means in terms of policy on this side of the aisle, which now has the majority and the responsibility for policy, it would be a mistake.

These are direct loans by the Government for mortgage purposes. I would like to have seen the committee in addition actually increase the authorization to the tune of \$200 million.

It is a fact today that veterans are buying homes and that most of the new homes are being sold almost exclusively to veterans. This is not a good situation for the economy of the country and I hope the gentleman from New York [Mr. MULTER], and other members of the Committee on Banking and Currency will liberalize mortgage terms in the forthcoming House bill so as to give non-veterans, who are also very numerous in the country—there are about 20 million veterans and about 60 million people gainfully employed—an opportunity to get into the new housing market.

Our sights should be set not for a million new homes a year, which is inadequate to America's needs and inadequate to America's productive capacity, but to not less than 1½ million homes a year and to an optimum 2 million new homes per year. Let it be noted that the Republican majority in the House of Representatives has no fear of bringing in a bill for direct Government loans for home mortgages where veterans cannot find mortgage money otherwise—the question not being determined by doctrinaire considerations but by a determination not to stop the home-building program.

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

Mr. JAVITS. I yield to the gentleman from Ohio.

Mr. AYRES. I thank the gentleman for his kind remarks. I can assure him that if I have anything to do about it, if the direct-loan program does not revolve faster during the next year than it has in the past 2 years, given the opportunity I will be for increasing it next year. I do feel, however, that if we can increase the guaranty on GI loans—the defaults on veterans' payments are very low—we will find private capital anxious to get out into the so-called rural areas.

Mr. JAVITS. I should say, too, that the impetus ought to be in the direction of lower mortgage interest, insofar as we can possibly affect mortgage interest rates upon the fundamental basis that we have an outstanding commitment to the country made by the President, and the President has, in effect, said that if it is necessary to accept deficits in order to avoid a recession he will accept deficits. So whatever stimulus is required to the use of the productive capacity of the country—and new-home

starts are certainly one of its fundamental bases—I hope very much that it will be given, and I think it is very salutary and indeed very encouraging that this measure brought out by this committee represents a realization in part of that commitment, and that we are not afraid at all to undertake a direct lending program and extend it where it is necessary to expand the rate of home construction. I hope that same philosophy of initiative and doing something affirmative about our problems will continue to control with this majority in the House of Representatives.

Mr. MULTER. Mr. Chairman, I ask unanimous consent to extend my remarks immediately following the sustaining of the point of order to my amendment.

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

There was no objection.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. SADLAK, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 8152) to extend to June 30, 1955, the direct home and farmhouse loan authority of the Administrator of Veterans' Affairs under title III of the Servicemen's Readjustment Act of 1944, as amended, to make additional funds available therefor, and for other purposes, pursuant to House Resolution 480, he reported the bill back to the House.

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

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

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

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

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

#### RED CHINA MUST BE KEPT OUT OF THE U. N.

Mr. BYRD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include additional matter.

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

There was no objection.

Mr. BYRD. Mr. Speaker, under leave to extend my remarks, I wish to include an article which appears in the April edition of the American Legion magazine. Harold Lord Varney is the author of this article, and it is entitled "Why Red China Must Be Kept Out of the U. N."

There is no subject toward which I have a stronger feeling than the subject matter of this article. To admit Red China to the United Nations would be, in my way of thinking, a tragic error, a political blunder of the greatest magnitude, and a retreat from high moral principles unthinkable in the minds and hearts of

freedom-loving, God-fearing peoples the world over. I recommend the reading of this article to the membership of this House.

#### WHY RED CHINA MUST BE KEPT OUT OF THE U. N.

(By Harold Lord Varney)

Are we headed for another Yalta?

Absurd as it may seem, high-level American and British policymakers are definitely thinking in terms of another "deal" with Moscow. The nub of the deal is the purchase of a phantom Far East peace by the admission of Red China to the United Nations. It is all very hush-hush at this stage, but there are accumulating signs that top figures in American and British foreign policy are already committed to this dishonorable step. The initial moves are likely to be seen in the aftermath of the recent Four Power Conference at Berlin.

Secretary Dulles gave a hint of what was in prospect in his November 9 statement that American opposition to Red China in the U. N. is not a "permanent policy." Ambassador Arthur H. Dean, on January 3, disclosed the pap which will be used to sell the deal to the public when he talked about an American New Look at Far East policy aimed at detaching Red China from Russia—the old Tito nonsense. British VIPs, spearheaded by former Prime Minister Clement Attlee, have been insistent for admission—and admission now. This whole discussion comes after 4 years of twisting and turning by former Secretary Acheson on the admission issue.

In the sobering shadow of America's 32,000 Korea dead, it seems little short of sacrilege to propose that Red China be allowed to shoot its way into the U. N. Wherever public opinion has been sampled, Americans have been virtually unanimous against it. Only last July, the House of Representatives, by a vote of 379 to 0, put Congress on record against admission of Red China. Currently, the Committee for One Million, supported by many Legionnaires, is circulating a giant petition to President Eisenhower to keep Peking out of the U. N. Senator WILLIAM F. KNOWLAND has a widely supported resolution before the Senate providing for outright American withdrawal from the U. N. if Red China comes in. In the face of these plain indications of American sentiment, shortsighted American and British policymakers are proceeding doggedly with the plan. The timetable, set by Soviet Russia, calls for a showdown this year.

When and if the deal is made, it will be executed with deceptive diplomatic slickness and finesse. The fact that it is appeasement in its rawest form will be skillfully disguised by unctuous talk about peace. Just as Yalta was sold to the American public as an agreement that would save 300,000 American lives in Japan, so United Nations admission will be plugged as the move which will make possible the end of American blood-letting in Korea. When the issue is decided, the United States may even go through the motions of voting "No" in the U. N. Security Council if Russia and Great Britain find they have enough votes to win without us. The important thing is that we will not use the veto—we have already renounced that right, on the China issue, by accepting the U. N. thesis that admission is a procedural action to which the veto does not apply.

When the surrender comes it will be done with mirrors.

What such a decision will mean to the United States, in terms of national security, is plain to see. U. N. admission of Red China followed, as it inevitably will be, by American recognition of Mao Tse-tung's government, will mean an abrupt about-face in American Far East policy. With all our China mistakes of the last decade, we have

never abandoned our support of the free forces in China in their struggle to reclaim that country for the free world. Admission and recognition of Peking will be an unmistakable sign that we have relinquished our fight for a free China. It will be an announcement that we have recognized the finality of Communist rule over the 470 million Chinese. It will be a bitter message to Chiang Kai-shek, and notice to the tens of millions of Chinese who are still in resistance that their cause is doomed. Worse, it will be an unmistakable signal to anti-Communist South Koreans, Japanese, Indochinese, and others who are holding the thin line for the free world in East Asia, that the United States is an uncertain ally in the fight against the glacial advance of communism.

The end result is certain to be the collapse of the whole free world position in East Asia, with its unimaginable consequences of future acute danger to the United States.

If we adopt this policy of scuttle and run in the Far East, what will it mean to future America in terms of basic security? In our reliance upon day-to-day expedients, few Americans have taken time to think out the long-range implications of our blundering Far East policy since 1945. There has been a tragic failure to recognize that a permanently communized Asia will confront the United States with a world in which we cannot continue to live as a free nation.

Any honest facing of Far East realities brings us squarely up against two overriding facts which should be the key and the timetable for all our Far East decisions. These are: (1) That the United States now stands close to the peak of its power and world preeminence; and (2) that Soviet Russia, backstopped by China, while now far behind, is coming forward at a pace which could conceivably overtake and pass the United States sometime in the decade beginning 1970.

If we keep these facts clearly in mind, we shall understand the impelling reason for Russia's urgency that Red China be admitted forthwith to the U. N., an urgency which first manifested itself when Malik walked out of the U. N. in 1950. We shall also understand why the United States, if it values its future, cannot in safety yield an inch to the Moscow-Peking axis on this issue. Admission, with the resultant consolidation of Communist power in Asia, is the No. 1 step in Russia's strategic plan to overtop America.

To realize the yawning abyss which lies before America if we permit Russian schedules to work out, it is necessary to envisage the immense military potential which Red China is likely to reach in the decade of the seventies. If we resignedly accept the thesis that continental China is to be permanently ruled by the Communists, as the British and many Americans are now doing, then we are up against some extremely uncomfortable prospects.

We must face the fact that China is a "sleeper" among great nations which, for over 30 years, has been on the brink of a spectacular industrial awakening. It is the irony of history that the awakening now seems fated to come under communism, instead of free China. What has delayed the awakening has been the unbroken procession of civil and foreign wars which palsied Kuomintang China during the 21 years of Chiang Kai-shek. No single period of more than 12 months during the Generalissimo's rule was free from warlord, anti-Japanese or anti-Communist strife. The present Communist regime, for the first time in modern Chinese history, has a relatively united continental country behind it, and can proceed uninterrupted with the industrialization of China. It is doing so today.

The idea that China, like Japan before it, can develop an industrial system of terrific productivity is not new, nor is it the discovery of the Communists. As long ago as 1921 Dr. Sun Yat-sen, father of the Kuomintang,

sketched the outlines of China's master plan for industrialization. It was an overall plan which included railway and highway building, conservation, better housing, modernized agriculture, public health, and far-reaching engineering and mining projects. It called for a network of technical and vocational schools to prepare a technically-trained future generation.

For 28 years, this Sun Yat-sen plan was the unfinished business of Nationalist China, repeatedly held up before Chinese gaze by Chiang Kai-shek as the great economic goal which could be realized with the attainment of peace. It was the malign fate of the Kuomintang leaders that they never attained peace.

The Communists, when they seized China in 1949, dusted off the old Sun Yat-sen plan and bolshevized it. Mao used his first 3 years of rule to carry out a 3-year plan to repair the ravages of the World War II and rebellion years and to restore China to its 1937 productivity levels. For Manchuria the sights were set on the 1943 Japanese production mark. Mao has substantially reached his goal, if we may believe available reports. The magnitude of the reconstruction task may be inferred from the 1952 report of Po Yi-po, Peking Minister of Finance, that \$3 billion (U. S.) was allocated that year in the national budget to economic reconstruction—an amount which topped 1952 defense totals by approximately 75 percent. This despite the drain of the Korean war.

Red China is now in the first of what promises to be a series of 5-year plans, which will equip the nation with a mass production economy. Like the Soviet model, the plans will mount in crescendo with the years. The first plan, while providing a year-by-year stepup of all present industries and mines, as well as farm productivity, proposes to lay the foundation for what is to follow.

First, and most significant, it will beat the China transportation problem by linking up China's western and northwestern rail networks with Soviet Russia. All indications point to the vast border province of Sinkiang—a storehouse of undeveloped and largely unexplored mineral riches—as the intended pivot of China's industrialization program. The discovery of uranium in undisclosed richness southwest of Tihwa is a preview of what may come. Russian technicians have been in Sinkiang, except for a few years in the forties, since 1933, secretly mapping out the resources and strategic possibilities of the province. The current 5-year plan will see Red China's rail line between Lanchow and Tienshui in the northwest, and the uncompleted line between Chungking and Tienshui in the west, joined up with Soviet Russia by a railroad which will be driven 1,200 miles through Sinkiang to the Siberian border. A Russian line will then link this trans-Sinkiang railroad with Russia's own Turk-Sib Railroad, which parallels the China Northwest frontier, and thence with the trans-Siberian line.

Once this is completed, the way will be clear for the construction of a great top secret industrial district in China's northwest, secure from ordinary attack from the Pacific direction, which will be a tributary of the vast complex of war plants which Russia has conjured up in the Lake Baikal, Kurnetsk Basin and Tashkent areas. Direct rail connection with Siberia will give the new Chinese development an uninterrupted supply and equipment link with Russia itself, and the European satellites.

When we recall the recent National Geographic Society disclosure that Russia's primary atom bomb and power plants are located in the Lake Baikal region, and near the uranium deposits in the Uzbek Republic at Tashkent, we can see the broader significance of the Sinkiang developments in China. The Tashkent area is just across

the border from Sinkiang. China's emerging industries will be joined with Russia's string of Central Siberian war industries. The two economies will constitute a single burgeoning unit, pointed at America.

While the focus is on the northwest, Red China is proceeding steadily with the restoration and extension of the great industrial complex which the Japanese created in Manchuria. Here Red China has come in for a free legacy in the form of the estimated \$2 billion capital investment which Japan sank in the province. It was Chinese Communist immobilization of this region—the richest in China—that strangled Chiang Kai-shek's economy during the nightmarish years between 1945 and 1948, and which contributed heavily to his fall. Since they gained full control of Manchuria in 1948, the Chinese Reds have restored it and meshed it into the general economy of China. The ambitious plans of Peking for Manchuria are apparent from the reported 1952 industrial construction increase of 225 percent above corresponding figures for 1951. Four-fifths of this construction, it was stated, was in heavy industry. It is significant that 9 of the 10 major projects in the 5-year plan are for Manchuria. The termination of hostilities in Korea, permitting the restoration of the Japanese-built Yalu River hydroelectric installations, will accelerate Manchurian industrial expansion.

Red China blueprints apparently call for the massing of China's economic might in the two northern regions of Manchuria and the northwest, both adjacent to Siberia and capable of being joined, in time of war, with the Russian economy. Central and south China will be given the role of feeder to the north, their own development made secondary, at least for the initial years. Agricultural China will pay the bill under a merciless system of forced production drives and confiscatory taxation.

How great Red China's ultimate contribution to the Russia-China axis will be is conjectural. Certainly it will be immense. China is sitting on an untapped storehouse of natural resources vital to heavy industry. A large part of this latent mineral treasure, in the unknown regions of Central Asia, has not even been surveyed. A part of the first 5-year plan calls for a thorough geologic survey of the nation—a task which was initiated by the National Resources Commission of the old Chiang government.

At present China stands where Russia stood in 1928 on the eve of its first 5-year plan. It is certain to repeat many of Russia's experiences, although it comes to its undertaking with many advantages which Russia lacked 25 years ago. If uninterrupted by political developments, it seems likely that China will accomplish the miracle of industrialization far more rapidly than did its sister Communist State.

China's immediate problem is to get successfully past the first 5-year plan. It is the first plan which is the hardest. National economic imbalances are then most acute. The strain upon the population is most punishing. Bugs appear in the program, and an inexperienced and inexpert leadership makes grave mistakes. There is a constant shortage of administrators and technicians. It is during the first 5-year plan that the United States will have its best opportunity to derail the whole undertaking.

It is in the nature of 5-year plans to widen out expansively after the first faltering start. Tempo quickens. Know-how is acquired. Each plan feeds the next: the basic industries and transportation systems laid down in the first 5 years are the scaffolding of the later projects. After a few years the whole enterprise picks up amazing speed and smoothness.

As was the experience during Russia's first plan, the American public will hear much

misleading scuttlebutt from wishful thinkers, about the failure of the plan. We will be told that the people are rising up against it. The old wishful thinking about a split between Mao and Malenkov will be served up with many variations. I believe we can be prepared to discount most of this. Given political stability, Mao's zealot team can succeed in its ambitious venture.

Working in Mao's favor are several factors which have not yet been sufficiently weighed. One is the peculiar fitness of a totalitarian system for high-pressure public-works undertakings. This is as true today as in the times of Cheops, the pyramid builder, or of Shih Huang-ti, the Emperor of the Great Wall. The monolithic state, with its total power over each individual citizen, can mobilize a nation's resources without the waste motion of the democratic process. Appropriately, Mao's state has its army of labor slaves—political prisoners—ready to be hurled into the construction task as human expendables. Matthew Woll, in his startling report to the United Nations, estimated their number at between one and two million; other unconfirmed estimates are higher. In a status scarcely higher than the political slaves are the recruited armies of peasants and city unemployed who are sent, under Communist discipline, to labor on public works. One dispatch from behind the Bamboo Curtain tells of 20 million peasants recruited at one time to work on the giant conservation and hydroelectric projects on the Yangtze, Hwai, and Yellow Rivers.

A second major factor is the high rate of educability of the Chinese people. Only in the early stages of the plans will China be dependent upon Russia and the European satellites for technical direction. Today, the hand of the Russian is felt heavily at all points in China's industrialization picture. Once Red China's technological school program gets into mass graduate production, keen-minded Chinese youths will be able to take over the posts of responsibility and operate the new industrial apparatus. And youth, unfortunately, is still in large numbers behind Mao Tse-tung in China. Like the Japanese, the Chinese is ready and teachable for a high-power economic system.

A third factor which will play into Red China's hands, during the coming years, is the fatal soggness of thinking among so many of the eggheads who control public opinion in the free world. The Institute of Pacific Relations lunacy of the war period is likely to be repeated in a new form. Let Mao Tse-tung get past his present Korea hurdle, let him make a few conciliatory gestures, and a sizable claque of liberals, both in Great Britain and the United States, will begin rooting for the success of his 5-year plan. China's industrialization will be seen, not as a threatening war maneuver, but as a bold new program. A hint of what is to follow was the recent announcement of a Detroit auto man that he looked to Red China as a bright spot for the marketing of American cars. It is not inconceivable that U. N. voices will be raised to urge International Bank for Reconstruction and Development loans to China to aid the 5-year plans, or technical-assistance grants. Some of us are that foolish. Certain it is that large sections of the West will quickly drop their guard against Peking, once the Korea shooting war is over. Mao may be depended upon to exploit this fuzzy mindedness of western liberals with the same expertness with which he played ducks and drakes with the Institute of Pacific Relations.

If Red China's calculations work out, the China which will confront us in 1970 or thereabouts is something which will raise the hackles on even the most optimistic.

China is a flood of manpower which needs only to be trained and harnessed to a modern industrial and military apparatus to upset all the ratios in the modern world. Russia's

210 million have shown a political momentum, since they acquired a modern economy, which has staggered the West. China's 470 million, will be an avalanchial force.

The Korean war has upset all western fixed beliefs by revealing that the Chinese soldier, if expertly led and modernly equipped, is a first-rate fighting man. Generals Stilwell and Wedemeyer told us the same thing, years before, but we did not heed them. We had to learn it the hard way. With inexhaustible sources of manpower at its command, China has only to solve the problem of materiel, to become unbeatable. Already, the Korean war has given Mao a headstart toward his ultimate goal which has cut years off his timetable. It has given him a nucleus of trained fliers who have had more modern combat experience than those of any other nation except the United States. It has given him a fleet of 1,500 or more Russian jet planes. It has given him a battle-hardened core of shock troops, 1,200,000 of whom have received combat experience fighting the best that America could throw against them. Already in advance of the 5-year plans, Communist China looms as a formidable military power.

Twenty years of cumulative 5-year plans will place an industrial plant behind the Chinese Red Army, which will transform it into the world's most dynamic fighting machine. Before the prospect of such an army equipped like the West with air power, guided missiles, and the atom and hydrogen bombs, all present American calculation of a free-world shield of island powers stretching from Hokkaido through Formosa to the Philippines and Australia takes on a hot-house unreality. If we are realists, we must accept the bitter fact that nothing in Asia could stand up against such an army, or even a portion of its maximum strength. By the same token, there is grave doubt that even the United States could withstand the China Red Army which will be in being by 1970, when allied with the crushing might of Soviet Russia.

A cold-blooded mathematical view of what lies ahead for us, if China remains Communist, leaves no other conclusion than that the United States will face a consolidation of anti-American might in the 1970's which makes our survival as a free nation highly uncertain. If, on some bleak day in the seventies, we wager our survival upon a man-to-man, plane-to-plane, weapon-to-weapon test of strength with the Moscow-Peking axis, as it then will be, the outcome will be at the best doubtful.

Fortunately, there is an escape for America from the nightmare future which appears to be building up for us in Asia. That escape is to stop Red China now. This does not mean going to war with her, but it does encompass measures which will keep Mao Tse-tung from consolidating his power. For example, it is to prevent him from ever getting set for the industrialization which would make him a military giant. It is to refuse firmly to entertain any appeasement policy toward him, now that he is weak, such as diplomatic recognition or U. N. admission. It is to refuse to negotiate a quitter's peace in Korea which will leave him the physical and moral fruits of victory. It is to place full American military and economic support behind Syngman Rhee, Chiang Kai-shek, and such other leaders of Asiatic military forces as are willing to fight our battle. It is to strangle Mao, from his eastern side, by a tight, unrelaxing embargo, which will require the full going cooperation of our supposed allies. It is to encourage, in all rewarding ways, the guerrilla forces within China which are eroding communism's grip upon the country, and to promote, through our CIA, the infiltration of continental China with trained saboteurs and resistance leaders from Formosa and the other islands. It is to take all necessary steps, even including direct trade subsidy, to prevent Ja-

pan from slipping into the Red China orbit through a resumption of Japanese-Chinese commerce. It is to keep Red China in such a state of domestic turmoil and uncertainty as to prevent her from reaching the political stability under which the 5-year plans can be successfully carried out.

Even this may fail, but it is worth trying. It is the humiliating record of those who have decided Far East policy for America that they have had three extremely favorable opportunities to halt Mao Tse-tung, and that they have muffed all three. The first came in 1946 when our Marshall mission made the ghastly mistake of embargoing and restraining Chiang Kai-shek when he was ahead in his civil war with the Chinese Communists. The second came in 1948 when the United States washed its hands of Nationalist China while Chiang still controlled two-thirds of the continental area and, with help, could have stopped the Reds at the Yangtze. The third came in 1951 when General Van Fleet had the Chinese Communists in Korea softened up for the knockout punch and was restrained from delivering it.

The present opportunity to halt Mao Tse-tung is not as favorable as any of the preceding, but we must take it, or risk the unthinkable. The difference between the present choice, and the prior three, is that the endangered nation in 1946, 1948, and 1951 was not the United States but Nationalist China and South Korea. Today, it is ourselves. There are times when a nation which has reached the pinnacle of world leadership must lead, or succumb to more resolute nations. The present is such a time. Its opportunities may never be repeated, if we muffed them. They will certainly be forfeited if we allow ourselves to be detoured into the bottomless bog of appeasement.

#### DEPLETION PROVISIONS OF TAX LAW

The SPEAKER. Under previous order of the House, the gentleman from Oklahoma [Mr. STEED] is recognized for 10 minutes.

Mr. STEED. Mr. Speaker, the Ways and Means Committee, operating in the deliberate, thorough fashion which is one of its commendable and characteristic traits, voted recently to renew, without major change, depletion provisions of tax law as they pertain to oil and gas.

Since that time, however, Senator JOHN J. WILLIAMS, of Delaware, has introduced, on his behalf and that of Senator GEORGE D. AIKEN, of Vermont, an amendment to reduce the deduction allowed for depletion of oil and gas from 27½ to 15 percent. Earlier, Senator WAYNE MORSE, of Oregon, visited my State for an address before a group of members of the Americans for Democratic Action. In the course of that visit, he was interviewed by the Daily Oklahoman. In its issue of February 2, that paper says the Oregon Senator "leveled a quick shot at the proposed oil industry deductions of the expense of drilling dry holes from income taxes."

"I am going to vote against Oklahoma's drilling dry holes at the expense of the people of Oregon," the Senator was quoted as saying.

This more than coincidental series of outbreaks against depletion is, of course, of real concern to me, for I believe the district of Oklahoma which I represent contains more oil men and oil wells than any other district in the country. My State ranks fourth in the Nation in the production of petroleum and third in the

number of producing wells. In 1953, it produced more than \$500 million worth of oil. Since the discovery of oil there in 1891, it has produced 7 billion barrels of oil, valued at more than \$10 billion.

The production alone of oil and gas provides direct employment for 42,900 people in my State. Oil, in other words, is an important and positive factor in the economic health of Oklahoma.

The Senator from Oregon, as a matter of fact, may be interested to know that, according to Internal Revenue Service figures, Federal collections of revenue in Oklahoma totaled \$656,009,053 in 1953, as compared with only \$472,892,053 in Oregon. These facts lead one to wonder just who is paying Federal taxes at whose expense. The fact is that the dry holes drilled in Oklahoma are a necessary adjunct to the discovery of oil which is of direct benefit to the people of Oregon, both as citizens interested in the Nation's defense, and as consumers. Actually, Oklahoma's ratio of wells completed to dry holes is about 5 percent superior to the national average.

The misimpressions just described are unfortunately typical of much of the thinking regarding depletion provisions of tax law, especially as they relate to the oil and gas industry. The facts are clear that the oil and gas industry pays at least its full share of taxes to the Federal Government, as well as to State and local subdivisions of government. In a study of the period 1942 to 1949, for example, it was shown, from Department of Commerce figures, that, out of every dollar of oil and gas producers' sales, these producers paid 5.71 cents in Federal and State income taxes as compared with 4.19 cents for all other industries. It is clear, then, that the petroleum producing industry has historically paid its fair share of taxes.

The Members of the House are aware, of course, of the fact that Congress has studied depletion provisions of tax law again and again since the income tax law of 1913, with the result that the combined wisdom of over 40 years has gone into these provisions. These provisions, as they stand now, have been unchanged after 28 years of scrutiny.

I know many oil men. Some of them are my neighbors. I know quite well that some of the marginal operators in the industry occasionally have their ups and downs. Not all oil men are wealthy, even though a few that you read about in the papers may be. We must remember that wealth and newsworthiness sometimes go hand in hand. This may not be good, but it is nonetheless true. And any man who is courageous enough, and lucky enough, to discover a new field of oil, would be a millionaire without depletion. If he can succeed with the cards stacked against him, why should he not have the benefits that accrue to the risk of capital?

Paradoxically, it has been the wild-catter who has found the oil which has enabled this country to successfully fight two wars in an age when petroleum-powered weapons were indispensable. Today, with the exception of one atomic-powered submarine, we are wholly dependent on oil fuels at a time in which machines of defense are more important

than ever before. Even that lone submarine would be helpless without petroleum lubricants. The loss of depletion, or a substantial reduction thereof, would be a severe blow to the wildcatter who has had the courage, and often the foolish courage, to risk his dollars where the larger fellows feared to tread, in the hope of finding new sources of oil. The defense of this Nation is closely related to welfare of the domestic oil producing industry.

During the last year, 82.5 percent of all exploratory wells drilled in this country were dry. The risk element in the oil industry is probably unsurpassed by any other. Depletion provisions of tax law, as they apply to oil and gas, are aimed at recognizing this risk element to some degree. These provisions must be maintained, at no lower level than now, in order to assure the discovery of new domestic reserves by the wildcatters who have traditionally found these reserves.

Another oft-forgotten factor in these indiscriminate attacks on depletion, is that of the real and tangible prosperity which accompanies the discovery of oil. In 1951, the total value of petroleum produced in all States amounted to more than \$6,500,000,000. This petroleum production stimulated general economic expansion in 30 separate oil producing States. Farmers, grocers, and workers benefited from this activity. The value thus created flowed out through our entire Nation and constitutes one of the bulwarks for the Nation's economic health.

Nor is the discovery of oil confined to a set area. Oil is fluid, in more than one sense, and the last year has seen the discovery of oil in South Dakota, Nevada, and Arizona. Prospects for future discovery are high, especially in the South and the Northwest. In 1951, more than 273 million acres, or 14 percent of the land area of the entire Nation, were under lease for oil and gas exploration or development.

Time and again pessimistic people have contended that the country is running short of oil. Yet for 20 consecutive years, excepting wartime, this Nation has found more oil than it has used. There is no reason to believe that the future will bring a reversal of this trend. The number of oil-producing States, now 30, can be expected to grow in the years to come if incentives remain to encourage the search, in nonoil-producing States, for new domestic sources of oil.

There is absolutely no question that reduction of depletion provisions would cause a sharp cutback in drilling in my State and in my district. And while my district is fortunate enough to have oil as a resource, it is not as fortunate in the case of some other resources found in plenty in other States.

Diminishing production of oil in my district would be accompanied by a loss of revenue to State and local governments; a decline in income to local businessmen; lowered employment and, ultimately, in decreased population. The loss of potential production of oil would provide a serious obstacle to Oklahoma's future economic progress.

It is regrettable that those who speak most frequently and vehemently against depletion provisions are also the people who apparently know nothing of the mechanics of its operation. Knowing little about depletion, and having no inclination to know more, they lash out in blind disregard of the mountain of facts that has been willingly laid before Congress, over the years, since Woodrow Wilson was President.

This, then, is a challenge for analysis, rather than glibness; for cogent, positive thinking, rather than indiscriminate attack; and for mutual advance, rather than an onslaught on the ranks of a great American industry.

The use of an attack on oil as a vehicle to ride one's way into office has been too often used. It is akin to sterile thinking. Such thinking, if it were national in scope, would be that of an aging, bickering nation, rather than one in the full blush of its youth. Fortunately, this sniping is not typical of the thinking of the people of this country.

Let us hope that a positive and clear attitude on the problem will prevail. It has, for some 40 years, and after deliberation by thousands of Members of Congress. I am confident that the future will see their judgment vindicated.

#### EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Record, or to revise and extend remarks, was granted to:

Mrs. ROGERS of Massachusetts and to include extraneous matter.

Mr. BONIN and to include extraneous matter.

Mrs. KEE and to include a statement on juvenile delinquency.

Mr. ENGLE in two instances and to include additional matter.

Mrs. SULLIVAN and to include a letter.

Mr. FISHER and to include an editorial.

Mr. YORTY in four instances and to include extraneous matter.

Mr. CHUDOFF.

Mr. SADLAK and to include extraneous matter.

#### ADJOURNMENT

Mr. NICHOLSON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 54 minutes p. m.) the House adjourned until tomorrow, Thursday, March 25, 1954, 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:

1383. A letter from the Secretary of the Navy, transmitting a draft of proposed legislation entitled "A bill to extend the period of election under the Uniformed Services Contingency Option Act of 1953 for certain members of the uniformed services"; to the Committee on Armed Services.

1384. A letter from the Chairman, United States Advisory Commission on Educational Exchange, transmitting the 11th semiannual report of the United States Advisory Commission on Educational Exchange, pursuant to section 603 of Public Law 402, 80th Congress (H. Doc. No. 855); to the Committee on Foreign Affairs and ordered to be printed.

1385. A letter from the Assistant Secretary of the Interior, transmitting the 12th annual report of operations for the fiscal year ended May 31, 1953, pursuant to section 13 of the Boulder Canyon Project Adjustment Act (54 Stat. 774) approved July 19, 1940; to the Committee on Interior and Insular Affairs.

#### 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. REED of Illinois: Committee on the Judiciary. Report pursuant to House Resolution 296. Resolution authorizing the Committee on the Judiciary to make an investigation of all claims arising out of the explosions at Texas City, Tex., on April 16 and 17, 1947; without amendment (Rept. No. 1386). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOFFMAN of Michigan: Committee on Government Operations. Eleventh intermediate report of the Committee on Government Operations on the use of nonappropriated funds by executive agencies; without amendment (Rept. No. 1387). Referred to the Committee of the Whole House on the State of the Union.

Mr. MERROW: Committee on Foreign Affairs. Senate Joint Resolution 12. Joint resolution to request the International Joint Commission on United States-Canadian Boundary Waters to make a survey of the proposed Passamaquoddy tidal power project, and for other purposes; with amendment (Rept. No. 1413). Referred to the Committee of the Whole House on the State of the Union.

Mrs. ROGERS of Massachusetts: Committee on Veterans' Affairs. H. R. 8044. A bill to extend the authorization for funds for the hospitalization of certain veterans in the Philippines; with amendment (Rept. No. 1414). Referred to the Committee of the Whole House on the State of the Union.

Mrs. ROGERS of Massachusetts: Committee on Veterans' Affairs. H. R. 8180. A bill to increase the amount of Federal aid to State or Territorial homes for the support of disabled soldiers, sailors, and airmen of the United States; without amendment (Rept. No. 1415). Referred to the Committee of the Whole House on the State of the Union.

#### 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. GRAHAM: Committee on the Judiciary. Senate Concurrent Resolution 60. Concurrent resolution favoring the suspension of deportation of certain aliens; with amendment (Rept. No. 1388). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. Senate Concurrent Resolution 61. Concurrent resolution favoring the suspension of deportation of certain aliens; with amendment (Rept. No. 1389). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 675. A bill for the relief of Mrs. Romola Nijinsky; with amendment (Rept. No. 1390). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 689. A bill for the relief of Mrs. Keiko Inouye; with amendment (Rept. No. 1391). Referred to the Committee of the Whole House.

Miss THOMPSON of Michigan: Committee on the Judiciary. H. R. 692. A bill for the relief of Nina Makeef, also known as Nina Berberova; with amendment (Rept. No. 1392). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 707. A bill for the relief of Dr. Ignacy Adam, Mrs. Amalya Alexander Adam, and George Adam; with amendment (Rept. No. 1393). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 737. A bill for the relief of Harold Donaghy Bishop; without amendment (Rept. No. 1394). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 792. A bill for the relief of Faiga Kunda; without amendment (Rept. No. 1395). Referred to the Committee of the Whole House.

Miss THOMPSON of Michigan: Committee on the Judiciary. H. R. 807. A bill for the relief of Sister Isabel (Purificacion Montemayor Maceo); without amendment (Rept. No. 1396). Referred to the Committee of the Whole House.

Miss THOMPSON of Michigan: Committee on the Judiciary. H. R. 808. A bill for the relief of Joseph Vyskocil; with amendment (Rept. No. 1397). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 848. A bill for the relief of Nicholas Katem, Theodosia Katem, Basil Katem, and Josephine Katem; without amendment (Rept. No. 1398). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 849. A bill for the relief of Mrs. Stella Rebner; without amendment (Rept. No. 1399). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 897. A bill for the relief of Abul K. Barik; without amendment (Rept. No. 1400). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 967. A bill for the relief of Robert George Buldeath and Lenora Patricia Buldeath; with amendment (Rept. No. 1401). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 1144. A bill for the relief of Martha Farah; with amendment (Rept. No. 1402). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 1189. A bill for the relief of Njded Hovhannisian Aslanian; with amendment (Rept. No. 1403). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 1348. A bill for the relief of Alwine Reichenbauch; without amendment (Rept. No. 1404). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 1657. A bill for the relief of Antonio Messina; with amendment (Rept. No. 1405). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 1699. A bill for the relief of Rev. Roger Knutsen; without amendment (Rept. No. 1406). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 1948. A bill for the relief of Mrs. Fung Hwa Liu Lee; with amendment (Rept. No. 1407). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 2427. A bill for the relief of Annie Litke; without amendment (Rept. No. 1408). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 2505. A bill for the relief of

Lajos Schmidt and his wife, Magda; with amendment (Rept. No. 1409). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 2875. A bill for the relief of Dr. James K-Thong Yu; without amendment (Rept. No. 1410). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 2907. A bill for the relief of Elizabeth Just Mayer; without amendment (Rept. No. 1411). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 4701. A bill for the relief of Josip Stanic; without amendment (Rept. No. 1412). Referred to the Committee of the Whole House.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred, as follows:

By Mr. THOMPSON of Texas:

H. R. 8528. A bill to provide a method for compensating claims for damages sustained as the result of the explosions at Texas City, Tex.; to the Committee on the Judiciary.

By Mr. CHUDOFF:

H. R. 8529. A bill to offset declining employment by providing for Federal assistance to States and local governments in projects of construction, alteration, expansion, or repair of public facilities and improvements; to the Committee on Public Works.

By Mrs. CHURCH:

H. R. 8530. A bill to amend the act entitled "An act to authorize the operation of stands in Federal buildings by blind persons, to enlarge the economic opportunities of the blind, and for other purposes"; to the Committee on Education and Labor.

By Mr. HAGEN of Minnesota:

H. R. 8531. A bill to amend the Civil Service Retirement Act of May 29, 1930, as amended, with respect to certain employees of the Department of the Army who served with the Far East Command; to the Committee on Post Office and Civil Service.

H. R. 8532. A bill to permit certain temporary clerks in the postal field service to acquire a classified civil-service status; to the Committee on Post Office and Civil Service.

H. R. 8533. A bill to fix and regulate the salaries of teachers, school officers, and other employees of the Board of Education of the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. MILLS:

H. R. 8534. A bill to amend section 502 of the Servicemen's Readjustment Act of 1944, so as to increase the maximum amount in which farm realty loans may be granted thereunder; to the Committee on Veterans' Affairs.

By Mr. O'BRIEN of New York:

H. R. 8535. A bill to establish in the Department of Agriculture a Milk Publicity Bureau; to the Committee on Agriculture.

By Mr. O'HARA of Illinois:

H. R. 8536. A bill to provide for the issuance of a special postage stamp in honor of Mary, mother of Christ; to the Committee on Post Office and Civil Service.

By Mr. SHORT:

H. R. 8537. A bill to repeal certain laws relating to professional examinations for promotion of medical, dental, and veterinary officers of the Army and Air Force; to the Committee on Armed Services.

By Mr. SEELY-BROWN:

H. R. 8538. A bill to provide for the revocation or denial of merchant marine documents to persons involved in certain narcotics violations; to the Committee on Merchant Marine and Fisheries.

By Mr. SHORT:

H. R. 8539. A bill to extend the period of election under the Uniformed Services Contingency Option Act of 1953 for certain members of the uniformed services; to the Committee on Armed Services.

H. R. 8540. A bill to amend section 201 (e) of the Career Compensation Act of 1949, as amended, to provide for advance payments of certain pay and allowances of members of the uniformed services, and for other purposes; to the Committee on Armed Services.

By Mr. WAMPLER:

H. R. 8541. A bill to provide that leave accrued by members of the Armed Forces while held as prisoners of war in Korea shall not be counted in determining the maximum amount of leave which they may accumulate or have to their credit; to the Committee on Armed Services.

H. R. 8542. A bill to provide that the leave accruing to a member of the Armed Forces while he was held a prisoner of war in Korea shall not be subject to the 60-day limitation on the maximum amount of leave which might be accrued by such member; to the Committee on Armed Services.

By Mr. CURTIS of Nebraska:

H. R. 8543. A bill limiting the application of the Federal Power Act as to States and municipalities, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. GRANAHAN:

H. R. 8544. A bill to offset declining employment by providing for Federal assistance to States and local governments in projects of construction, alteration, expansion, or repair of public facilities and improvements; to the Committee on Public Works.

By Mr. GWINN:

H. R. 8545. A bill to limit taxing and spending; to the Committee on Ways and Means.

By Mr. HOSMER:

H. R. 8546. A bill to amend the Internal Revenue Code with respect to the collection of delinquent taxes; to the Committee on Ways and Means.

H. R. 8547. A bill to deny benefits, under the civil-service and other Federal retirement systems, to persons convicted of felonies involving moral turpitude; to the Committee on Post Office and Civil Service.

By Mr. PERKINS:

H. R. 8548. A bill granting the consent of Congress to the Breaks Interstate Park compact; to the Committee on Interior and Insular Affairs.

By Mr. WAMPLER:

H. R. 8549. A bill granting the consent of Congress to the Breaks Interstate Park compact; to the Committee on Interior and Insular Affairs.

By Mr. GRANAHAN:

H. J. Res. 480. Joint resolution placing individuals who served in the temporary forces of the United States Navy during the Spanish-American War in the same status as those individuals who served in the Army for equal periods of time during that war and who were given furloughs or leaves upon being mustered out of the service; to the Committee on Veterans' Affairs.

By Mr. MACK of Illinois:

H. J. Res. 481. Joint resolution to amend the act of July 5, 1949 (Public Law 157, 81st Cong.); to the Committee on House Administration.

By Mrs. PFOST:

H. J. Res. 482. Joint resolution establishing a joint committee to investigate the gold-mining industry; to the Committee on Rules.

## MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

By Mr. HESELTON: Resolutions of the General Court of the Commonwealth of Massachusetts, memorializing Congress relative

to the Federal Social Security Act; to the Committee on Ways and Means.

By the SPEAKER: Memorial of the Legislature of the State of Massachusetts, memorializing the President and the Congress of the United States relative to the Federal Social Security Act; to the Committee on Ways and Means.

#### PRIVATE BILLS AND RESOLUTIONS

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

By Mr. BONIN:

H. R. 8550. A bill for the relief of Mrs. Hildegard Savner; to the Committee on the Judiciary.

By Mr. CONDON:

H. R. 8551. A bill for the relief of John J. Cowin; to the Committee on the Judiciary.

By Mr. HUNTER:

H. R. 8552. A bill for the relief of Mrs. Elizabeth A. Traufeld; to the Committee on the Judiciary.

By Mr. O'BRIEN of New York:

H. R. 8553. A bill for the relief of Mother Amata (Maria Cartiglia) and Sister Ottavia (Concetta Zisa); to the Committee on the Judiciary.

By Mr. PHILLIPS:

H. R. 8554. A bill for the relief of Maria M. Khoe; to the Committee on the Judiciary.

By Mr. OSMERS:

H. R. 8555. A bill for the relief of Ruth Margot Hansen; to the Committee on the Judiciary.

By Mr. POWELL:

H. R. 8556. A bill for the relief of Edson Rhodes Mills; to the Committee on the Judiciary.

By Mr. SIMPSON of Pennsylvania:

H. R. 8557. A bill for the relief of Ezio Bertoni; 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:

577. By Mr. DOWDY: Petition of a number of dairymen of Nacogdoches County, in the Seventh Congressional District of Texas, requesting Congress to maintain and keep the 90-percent parity on dairy products as it has existed; to the Committee on Agriculture.

578. By Mr. GROSS: Petition of Lulu B. Smith and 52 other residents of Marshall County, Iowa, urging passage of H. R. 1227, to prohibit the transportation in interstate commerce of alcoholic beverage advertising in newspapers, periodicals, etc., and its broadcasting over radio and television; to

the Committee on Interstate and Foreign Commerce.

579. By Mr. NORBLAD: Petition signed by Mrs. Laura Christensen of Lafayette, Ore., and 106 other citizens of the State of Oregon, urging consideration of and passage of the Bryson bill, H. R. 1227, to prohibit the transportation in interstate commerce of alcoholic beverage advertising in newspapers, periodicals, etc., and its broadcasting over radio and television; to the Committee on Interstate and Foreign Commerce.

580. By the SPEAKER: Petition of the president, City Council, Philadelphia, Pa., with respect to the modification of the provisions of the National Immigration Act; to the Committee on the Judiciary.

581. Also, petition of the city clerk, city of Lincoln Park, Mich., recommending an increase in the personal income-tax exemption from \$600 to \$800; to the Committee on Ways and Means.

582. Also, petition of Arthur R. Pinkerton and others, Fort Myers, Fla., requesting passage of H. R. 2446 and H. R. 2447, proposed social-security legislation known as the Townsend plan; to the Committee on Ways and Means.

583. Also, petition of Alfred B. Hunt and others, Orlando, Fla., requesting passage of H. R. 2446 and H. R. 2447, proposed social-security legislation known as the Townsend plan; to the Committee on Ways and Means.

## EXTENSIONS OF REMARKS

### Inadequacy of Anti-Espionage Laws

#### EXTENSION OF REMARKS

OF

### HON. ALEXANDER WILEY

OF WISCONSIN

IN THE SENATE OF THE UNITED STATES

Wednesday, March 24, 1954

Mr. WILEY. Mr. President, one of the very first projects which I initiated as chairman of the Senate Foreign Relations Committee in the 83d Congress was to arrange for the preparation of a study of the inadequacy of our Nation's anti-espionage and related laws.

I did so in particular connection with my responsibilities as chairman of the Special Subcommittee on Security Affairs. This subcommittee was set up at my personal request at the very first meeting of the Committee on Foreign Relations in 1953.

I have long been interested in this overall subject, particularly because now I am the ranking Republican of the Senate Judiciary Committee, and in the 80th Congress served as its chairman. The Judiciary Committee is, of course, vested with responsibility for internal security.

This is not merely a domestic problem, of course. I know full well that just as our own Nation's security laws are exceedingly lax, so the laws of many allied countries are even more lax and less adequate to cope with the problem of Communist traitors in their midst.

#### BILLS SHOULD BE EXPEDITED

Mr. President, this is March 24, 1954. I do not know how long this 2d session of the 83d Congress will last; nor does anyone else at this particular stage.

It is clear, however, that as we head into the final months of this Congress, we are going to be confronted by a mass of legislation.

I am hoping, therefore, that necessary legislation to tighten our internal-security laws, to close the literally dozens upon dozens of loopholes, will be enacted in time and will not become lost in the shuffle. I know that the National Security Council shares my desire in this respect.

#### TWENTY-EIGHT PAGE COMMITTEE PRINT

The printed study which resulted from my request to spotlight present legal inadequacies was published last April by the committee. It took 28 full pages merely to highlight these inadequacies. We could probably have devoted 280 pages toward exploration of them in further detail, and toward enumerating still further loopholes.

#### MR. SOKOLSKY'S COLUMN

In this connection, I was very pleased that the distinguished syndicated columnist, Mr. George E. Sokolsky, has devoted his column today to pointing up the implications of the study which I had initiated.

I ask unanimous consent that the text of Mr. Sokolsky's article be printed in the RECORD, to be followed by the conclusions of the Senate Foreign Relations Committee print to which I have referred.

There being no objection, the article and committee conclusions were ordered to be printed in the RECORD, as follows: [From the Washington Post and Times-Herald of March 24, 1954]

#### THESE DAYS

(By George E. Sokolsky)

#### THE LOSING BATTLE

Senator ALEXANDER WILEY makes a point that should be obvious to all but is over-

looked because historic changes are difficult to note at the time they occur. He says:

"Let us first note that Soviet Russia has demonstrated that techniques of internal destruction are integral parts of its foreign policy. The U. S. S. R. has, in effect, revolutionized the entire intelligence and related fields in international relations. It has placed espionage on an assembly-line basis, graduating hundreds and thousands of agents, expertly trained as cadres in the interrelated skills of agitation, insurrection, espionage, sabotage, and subversion in countries throughout the world."

This has never occurred before in any country. Espionage used to be an art devoted to the single purpose of obtaining military secrets and policy plans. To "agitation, insurrection, espionage, sabotage, and subversion" should be added "infiltration," which is the strongest weapon because it places directly inside a government agents of another government.

The very existence of such a weapon has a damaging effect, since literally everyone becomes suspicious of everyone else. The fact that there could be even one Alger Hiss, one Harry Dexter White, one William Remington, lays all employees of Government open to the prospect of screenings, investigations, clearances, etc. It is a demoralizing condition.

In a report prepared by the Committee on Foreign Relations with the assistance of the Library of Congress, dealing with the adequacy of United States laws with respect to offenses against national security, from which the above quotation from Senator WILEY was taken, this idea is emphasized that while only a fraction of 1 percent of those engaged in the British-American-Canadian atomic energy program were in a position to give Soviet Russia any vital information, the Russians got the information:

"But, the Soviet network penetrated that tiny fraction of 1 percent and achieved the remarkable feat of stealing crucial secrets through Klaus Fuchs, Bruno Pontecorvo, Alan Nunn May, and David Greenglass—all of whom possessed the variety of relatively rare requisites to secure valuable information about our atomic program."