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PROCEEDINGS AND DEBATES OF THE 84th CONGRESS, SECOND SESSION

SENATE

FRIDAY, JANUARY 27, 1956

(Legislative day of Monday, January 16, 1956)

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

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

Our Father God, bowing for a hallowed moment at this shrine of Thy grace we acknowledge before Thee that too often our lives are restless pools, we are perplexed and disturbed by the social turmoil of our times, our minds are burdened by many anxieties, tempted to cynicism by human perversity and cruelty, disheartened and disillusioned by human folly which seems to profit so little by bitter reaping. We would lay our problems and tasks before Thee—not to escape them, but praying for Thy empowering so that with strength and courage we may carry them with a new gallantry. And so we look upward in our morning prayer that in a continual sense of Thy presence we may be delivered from the fret and fever of today's demands upon us, from the world's discordant noises, from the praise or blame of men, and from the confused thoughts and vain imaginations of our own hearts. We ask it in the Redeemer's name. Amen.

THE JOURNAL

On request of Mr. CLEMENTS, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, January 26, 1956, was dispensed with.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States submitting a nomination was communicated to the Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the House had passed the bill (S. 1289) to establish a domestic relations branch in the municipal court for the District of Columbia, and for other purposes, with an amendment, in which it requested the concurrence of the Senate.

SUBCOMMITTEE MEETING DURING SENATE SESSION

Mr. CLEMENTS. Mr. President, I ask unanimous consent that the Senate Permanent Subcommittee on Investigations, under the chairmanship of the senior Senator from Arkansas [Mr. MCCLELLAN], be permitted to sit during the session of the Senate today.

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

BIRTHDAY GREETINGS TO SENATOR GEORGE

Mr. SMITH of New Jersey. Mr. President, through my "secret service," I have been informed that the distinguished President pro tempore of the Senate, the senior Senator from Georgia [Mr. GEORGE], now occupying the chair, will celebrate the anniversary of his birth on the 29th of January. I hope that occasion may be appropriately celebrated. I regret to say that I shall not be in the city next week. I shall be in Brazil, in connection with the inauguration of the President of that country.

Before I leave, I cannot refrain from expressing my affection and extending felicitations and best wishes, and my wishes for many happy returns, to the distinguished chairman of the Committee on Foreign Relations. I express the fervent hope that he will be with us for many more years. We need him. We have an affection for him. I extend to him most cordial birthday greetings.

VISIT OF HISAKICHI MAEDA

Mr. KNOWLAND. Mr. President, I am pleased to introduce to the Members of the Senate Mr. Hisakichi Maeda, who is a member of the House of Councillors of Japan, the upper body in the Japanese parliamentary system. Mr. Maeda is also a member of the finance committee of that body, who is making a visit to the United States. He is also a distinguished publisher in his country. I take pleasure in presenting him to the Senate. [Applause, Senators rising.]

The PRESIDENT pro tempore. The Senate is very glad indeed to welcome Mr. Maeda to the Senate. The Chair hopes he will feel entirely at home with us here this morning. He can be assured that we give him a hearty welcome.

ORDER FOR TRANSACTION OF ROUTINE BUSINESS

Mr. CLEMENTS. Mr. President, I ask unanimous consent that there may be the usual morning hour for the presentation of petitions and memorials, the introduction of bills, and the transaction of other routine business, and that any statement made in connection therewith be limited to 2 minutes.

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

AMENDMENT OF SMALL BUSINESS ACT OF 1953 — CONFERENCE REPORT

Mr. CLEMENTS. Mr. President, I should like to ask the Senator from Oregon [Mr. MORSE] if he is prepared this morning to present a conference report on the small-business bill which was passed some time ago.

Mr. MORSE. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7871) to amend the Small Business Act of 1953. I ask unanimous consent for the present consideration of the report.

The PRESIDENT pro tempore. The report will be read for the information of the Senate.

The report was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7871) to amend the Small Business Act of 1953, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That subsection (b) of section 204 of the Small Business Act of 1953, as amended, is hereby amended to read as follows:

"'(b) The Administration is authorized to obtain money from the Treasury of the United States for use in the performance of the powers and duties granted to or imposed upon it by law, not to exceed a total of $375,000,000 outstanding at any one time. For this purpose appropriations not to exceed $375,000,000 are hereby authorized to be made to a revolving fund in the Treasury. Advances shall be made to the Administration from the revolving fund when requested by the Administration. This revolving fund shall be used for the purposes enumerated subsequently in section 207 (a), (b) (1), (b) (2), and (b) (3). Not to exceed an aggregate of $150,000,000 shall be outstanding at any one time for the purposes enumerated in section 207 (a). Not to exceed an aggregate of $125,000,000 shall be outstanding at any one time for the purposes enumerated in section 207 (b) (1). Not to exceed an aggregate of $100,000,000 shall be outstanding at any one time for the purposes enumerated in section 207 (b) (2) and (b) (3). The Administration shall pay into

miscellaneous receipts of the Treasury at the close of each fiscal year, interest on the net amount of the cash disbursements from such advances at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding interest-bearing marketable public debt obligations of the United States of comparable maturities.'

"SEC. 2. The proviso in paragraph (1) of subsection (b) of section 207 of the Small Business Act of 1953, as amended, is hereby amended to read as follows: 'Provided, That no such loan including renewals and extensions thereof may be made for a period or periods exceeding twenty years: *And provided further*, That the interest rate on the Administration's share of loans made under this paragraph shall not exceed 3 per centum per annum;'.

"SEC. 3. (a) Subsection (b) of section 207 of the Small Business Act of 1953, as amended, is hereby further amended (1) by striking the word 'and' which follows the semicolon at the end of paragraph (3); (2) by striking the period at the end of paragraph (4) and inserting in lieu thereof '; and'; and (3) by adding at the end of such subsection a new paragraph as follows:

"'(5) to further extend the maturity of or renew any loan made pursuant to this section, beyond the periods stated therein, or any loan transferred to the Administration pursuant to Reorganization Plan Numbered 2 of 1954, for additional periods not to exceed ten years, if such extension or renewal will aid in the orderly liquidation of such loan.'

"(b) Subsection (f) of section 207 of such Act is hereby repealed."

And the Senate agree to the same.

That the Senate recede from its amendment to the title of the bill.

WAYNE MORSE,
A. WILLIS ROBERTSON,
JOHN SPARKMAN,
HERBERT LEHMAN,
By WAYNE MORSE,
IRVING IVES,
By WAYNE MORSE,
J. GLENN BEALL,
FREDERICK PAYNE,
Managers on the Part of the Senate.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
ALBERT RAINS,
JESSE P. WOLCOTT,
RALPH GAMBLE,
HENRY O. TALLE,
Managers on the Part of the House.

The PRESIDENT pro tempore. Is there objection to the present consideration of the report? The matter is privileged.

There being no objection, the Senate proceeded to consider the report.

Mr. MORSE. Mr. President, I should like to make a very brief statement on the conference report, and after I have completed the statement I should like to yield to the Senator from Connecticut [Mr. BUSH] who I observe would like to have the floor on this matter.

Mr. President, the conference report was agreed to unanimously by all members of the conference—majority and minority from both Houses. The Senate will recall that the Senate bill combined the business loan authority and the disaster loan authority into a single fund, increasing the total amount of that fund from the present $175 million to $210 million, an increase of $35 million.

The House bill, on the other hand, retained separate funds for disaster loans and business loans, and increased the limit of the disaster loan authority by $100 million. In conference the House conferees insisted upon, and the Senate conferees agreed to, the continuation of existing separate limits for business loans and disaster loans, as was provided in the House bill. Once this agreement was reached, it was obvious the $35 million increase contained in the Senate bill was grossly inadequate. It would require approximately $50 million merely to restore the disaster fund to its original position. We considered that an additional $50 million would provide a fund for disaster loans comparable to the amount available if the 2 loan funds had been combined. Therefore, we agreed to the House provision for a $100 million increase in the disaster loan authority. We hope that this increase will establish a disaster loan authority large enough to avoid confusion and uncertainty among disaster victims of the kind which has been experienced over the last few months.

The Senate amendment fixed the maximum maturity for all disaster loans at 20 years. Under existing law, the limit is 10 years for all disaster loans except for certain types of home loans, which may have maturities up to 20 years. The House bill contained no such provision. However, the House conferees receded on this point.

The Senate amendment clarified the provisions of the Small Business Act as to interest rates on disaster loans. It fixed a maximum interest rate of 3 percent on SBA direct disaster loans and on SBA's share of disaster loans made in participation with private lenders. The House bill contained no such provision. However, the conferees on behalf of the House receded and agreed to this Senate provision.

In connection with this provision, the conferees agreed to a statement of intent taken from the Senate committee report, as follows:

> After considering this testimony and the proposals * * *, the committee determined to fix a 3 percent maximum interest rate only on the Small Business Administration's portion of disaster loans to small businesses. This decision was reached in the understanding that private lenders will be permitted to participate in such disaster loans at interest rates in excess of 3 percent only in those unusual cases where such participation will be advantageous to the borrower.

A similar statement is incorporated in the statement of the managers on behalf of the House.

The Senate bill made a technical change in section 207, to which the House agreed with an additional technical amendment.

On behalf of myself and all members of the conference, I recommend approval of the conference report.

Mr. President, I yield to the Senator from Connecticut.

Mr. BUSH. I thank the Senator from Oregon for yielding to me for a brief comment.

Mr. President, in my opinion the conference report just presented is very acceptable, and I hope the Senate will adopt it. It does three important things which the bill orginally introduced sought to accomplish, namely, it increases the provision for disaster loans very substantially; extends the maximum maturity period to 20 years; and fixes the interest rate at 3 percent on disaster loans and on the Small Business Administration's share of disaster loans made in participation with private lenders.

The House has gone a little farther than we did. But if the predictions of the Small Business Administration are borne out, the bill will not cost anyone any more than the original bills would have cost. However, I think all of us will have a very great feeling of comfort and satisfaction in the fact that the Small Business Administration will not likely be embarrassed at all by any lack of funds in connection with disaster loans.

In conclusion, Mr. President, I wish to congratulate the Senator from Oregon for the way he has handled and expedited this very vital piece of legislation through the Senate. Likewise, I congratulate those in charge of the bill in the House of Representatives, who have done so much in ably and speedily bringing the conference report to us.

I speak for all the people of Connecticut when I say we shall be very, very grateful to the Congress for effecting this first important piece of legislation which has grown out of the disastrous floods we suffered in 1955.

I thank the Senator from Oregon.

Mr. MORSE. I thank the Senator from Connecticut for his remarks. As chairman of the subcommittee, I wish to say that although the Senator from Connecticut was not a member of the subcommittee, he devoted his time to all our work and attended our meetings, and made many very valuable suggestions. His bill was used extensively by the subcommittee; and we voted to use the major provisions of his bill, along with the major provisions of the Morse bill, in arriving at the bill which finally we reported to the Senate. The Senator from Connecticut was very helpful throughout. As chairman of the subcommittee, I wish to thank him very much for the assistance he rendered.

In regard to the additional amount voted in the House bill, I wish to say that the House conferees pointed out that the $100 million was added on the floor of the House itself. The House committee brought in a bill providing for a lesser amount; but the House itself added the larger amount, namely, the $100 million.

Of course, such a thing does not often happen in either branch of the Congress.

As the Senator from Connecticut knows, the real point of difference between the two Houses was over the matter of combining the two funds. The House debate showed very clearly, and the House conferees made very clear to us, that they were simply adamant on that point. There was great concern in the House about combining the funds, because the Members of the House wished to make absolutely certain that regular business loans would be handled separately and that the Small Business Administration would have sufficient funds with which to make those loans. The House felt that the fund for disaster loans should be made sufficiently large to avoid any need of combining the two funds in order to obtain sufficient moneys with which to meet the needs

arising from such disasters. We discussed the matter pro and con, and the conferees on the part of the Senate felt that they should yield to the conferees on the part of the House on that point.

Mr. BUSH. Mr. President, will the Senator from Oregon yield for an observation?

Mr. MORSE. I yield.

Mr. BUSH. I should like to say that if I had been a member of the conference committee, along with the Senator from Oregon, I would have acted exactly as he did—feeling that the larger amount of authorization would take care of the situation very satisfactorily. Therefore, Mr. President, in view of this action by the committee, the division is perfectly all right.

Mr. MORSE. Mr. President, if there are no further questions, I ask for a vote on the question of agreeing to the conference report.

The PRESIDENT pro tempore. The question is an agreeing to the report.

The report was agreed to.

EXECUTIVE COMMUNICATIONS, ETC.

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

EXTENSION OF TIME FOR FILING REPORT BY DISTRICT OF COLUMBIA ARMORY BOARD

A letter from the manager, District of Columbia Armory Board, Washington, D. C., requesting a 30-day extension of the time in which to submit the annual report and financial statement of that board; to the Committee on the District of Columbia.

STATEMENT OF RECEIPTS AND EXPENDITURES, CHESAPEAKE & POTOMAC TELEPHONE CO.

A letter from the vice president, the Chesapeake & Potomac Telephone Co., Washington, D. C., transmitting, pursuant to law, a statement of receipts and expenditures of that company, for the year 1955 (with an accompanying paper); to the Committee on the District of Columbia.

COMPARATIVE GENERAL BALANCE SHEET, CHESAPEAKE & POTOMAC TELEPHONE CO.

A letter from the vice president, the Chesapeake & Potomac Telephone Co., Washington, D. C., transmitting, pursuant to law, a comparative general balance sheet of that company, for the year 1955 (with an accompanying paper); to the Committee on the District of Columbia.

REPORT OF FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION

A letter from the Secretary of Commerce, transmitting, pursuant to law, a report of the Federal Maritime Board and Maritime Administration, for the fiscal year 1955 (with an accompanying report); to the Committee on Interstate and Foreign Commerce.

REPORT OF ADMINISTRATOR OF CIVIL AERONAUTICS

A letter from the Secretary of Commerce, transmitting, pursuant to law, the fifth and final annual report of the Administrator of Civil Aeronautics, for the period July 1, 1954, to September 30, 1955 (with an accompanying report); to the Committee on Interstate and Foreign Commerce.

REPORT ON TORT CLAIMS PAID BY NATIONAL ADVISORY COMMITTEE FOR AERONAUTICS

A letter from the executive officer, National Advisory Committee for Aeronautics, Washington, D. C., transmitting, pursuant to law, a report on tort claims paid by that Committee for the period January 1 through December 31, 1955 (with an accompanying report); to the Committee on the Judiciary.

SUSPENSION OF DEPORTATION OF CERTAIN ALIENS—WITHDRAWAL OF NAME

A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, withdrawing the name of Trivan or Thomas Dadasovich from a report relating to aliens whose deportation has been suspended, transmitted to the Senate on March 15, 1955 (with an accompanying paper); to the Committee on the Judiciary.

GRANTING OF APPLICATIONS FOR PERMANENT RESIDENCE FILED BY CERTAIN ALIENS—WITHDRAWAL OF NAMES

Two letters from the Commissioner, Immigration and Naturalization Service, Department of Justice, withdrawing the names of several aliens who have filed applications for permanent residence, transmitted to the Senate on January 16, 1956, and July 25, 1955 (with accompanying papers); to the Committee on the Judiciary.

ADMISSION INTO THE UNITED STATES OF DISPLACED PERSONS—WITHDRAWAL OF NAMES

A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, withdrawing the names of Boyan Petkoff Choukanoff and Ekaterina Boyanova Choukanova, transmitted to the Senate on July 15, 1955, pursuant to section 4 of the Displaced Persons Act of 1948, as amended, with a view to the adjustment of their immigration status (with an accompanying paper); to the Committee on the Judiciary.

PETITIONS AND MEMORIALS

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

By the PRESIDENT pro tempore:

A letter, in the nature of a petition, from the Montana Federation of Women's Clubs, Forsyth, Mont., signed by Mrs. Gerry Mortensen, president, praying for a delay in the construction of the Yellowtail Dam project; to the Committee on Interior and Insular Affairs.

A resolution adopted by the Council of the City of Porterville, Calif., favoring the enactment of legislation to provide for the immediate construction of the Success Dam flood control project; to the Committee on Public Works.

REPORT OF A COMMITTEE

The following report of a committee was submitted:

By Mr. GREEN, from the Committee on Rules and Administration:

S. Con. Res. 65. Concurrent resolution to create a joint congressional committee to make a full and complete study and investigation of all matters connected with the election, succession, and duties of the President and Vice President; without amendment (Rept. No. 1462).

BILLS AND JOINT RESOLUTIONS INTRODUCED

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

By Mr. BRICKER:

S. 3066. A bill to provide for an adjustment in the monthly rates of pension payable to the widows of Civil War veterans; to the Committee on Finance.

By Mr. LONG (for himself, Mr. BEALL, Mr. BIBLE, Mr. BRIDGES, Mr. BUSH, Mr. BUTLER, Mr. CAPEHART, Mr. CARLSON, Mr. CASE of South Dakota, Mr. CHAVEZ, Mr. DOUGLAS, Mr. DUFF, Mr. DWORSHAK, Mr. ERVIN, Mr. FULBRIGHT, Mr. GEORGE, Mr. GORE, Mr. GREEN, Mr. HENNINGS, Mr. HUMPHREY, Mr. IVES, Mr. JACKSON, Mr. JENNER, Mr. JOHNSTON of South Carolina, Mr. KEFAUVER, Mr. KENNEDY, Mr. KUCHEL, Mr. LANGER, Mr. LEHMAN, Mr. MCCARTHY, Mr. MCCLELLAN, Mr. MCNAMARA, Mr. MAGNUSON, Mr. MALONE, Mr. MANSFIELD, Mr. MARTIN of Pennsylvania, Mr. MARTIN of Iowa, Mr. MUNDT, Mr. MURRAY, Mr. NEELY, Mr. NEUBERGER, Mr. O'MAHONEY, Mr. PASTORE, Mr. POTTER, Mr. SCOTT, Mr. SMATHERS, Mrs. SMITH of Maine, Mr. SPARKMAN, Mr. SYMINGTON, Mr. THURMOND, Mr. WATKINS, Mr. WELKER, and Mr. YOUNG):

S. 3067. A bill to provide a 1-year period during which certain veterans may be granted national service life insurance; to the Committee on Finance.

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

By Mr. PASTORE:

S. 3068. A bill for the relief of Arsene Kavoukdjian (Arsene Kavookjian); to the Committee on the Judiciary.

By Mr. DIRKSEN:

S. 3069. A bill to exempt from taxation certain property of the General Federation of Women's Clubs, Inc., in the District of Columbia; to the Committee on the District of Columbia.

By Mr. MAGNUSON:

S. 3070. A bill for the relief of the A–1 Bonding Co., Inc.; to the Committee on the Judiciary.

By Mr. IVES:

S. 3071. A bill for the relief of Constantine Cokkinos; to the Committee on the Judiciary.

By Mr. PURTELL:

S. 3072. A bill to require the inspection and certification of certain vessels carrying passengers; to the Committee on Interstate and Foreign Commerce.

By Mr. SMITH of New Jersey (for himself, Mr. GEORGE, Mr. WILEY, and Mr. GREEN):

S. J. Res. 128. Joint resolution to extend greetings to the Sudan; to the Committee on Foreign Relations.

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

By Mr. MAGNUSON:

S. J. Res. 129. Joint resolution authorizing the Commissioner of Public Roads to designate a highway system to be known as the Lewis and Clark National Tourway; to the Commmittee on Public Works.

RESOLUTION

The following resolution was submitted, and referred, as indicated:

Mr. NEUBERGER submitted the following resolution:

S. Res. 201. Resolution to express the sense of the Senate to provide funds for Federal projects for hydroelectric, flood control, irrigation, or navigation purposes in sums equal to amounts extended to foreign countries for the same purposes; to the Committee on Interior and Insular Affairs.

(See resolution printed in full, which appears under a separate heading.)

TIME DURING WHICH CERTAIN VETERANS MAY BE GRANTED NATIONAL SERVICE LIFE INSURANCE

Mr. LONG. Mr. President, on behalf of myself, and 52 of my colleagues, I introduce, for appropriate reference, a bill to provide a further opportunity for our veterans to have the protection afforded by national service life insurance. The bill provides a period of 1 year from the

date of enactment during which veterans can apply for this insurance protection. It is required that they be able to make a showing of good health to the Veterans' Administration.

What is intended by this bill is to permit veterans of World War II and the Korean war to obtain this insurance if they have either not previously applied for the insurance or have permitted their policies to lapse.

In the case of those whose policies have been permitted to lapse, the veterans concerned would not be able to have reinstated the original policies but would have to pay premiums on the basis of their attained age at the time of this new application.

The cost of this program cannot be accurately estimated in advance, and I have not obtained any estimates from the departments concerned. Inasmuch as the premiums to be paid are based on actuarial tables, however, the only cost to the Government will be the cost of administering the program. This cost, of course, will be minimized by the fact that the only effect of the bill will be to increase the number of policies in force.

It will not require any new organization or special administrative procedures other than the processing of new applications. It is my hope that the Veterans' Administrator will provide his best estimates with respect to costs which may be entailed by this proposed legislation very promptly, because I should like to proceed as expeditiously as possible in obtaining consideration of this measure.

Many of our young men regret very much that they did not take advantage of the opportunity of continuing in effect or converting their insurance coverage which was made available during World War II.. At that time they were war-weary and did not give as serious thought to their future as they might have done. Some of them were tired of having the Government arrange their affairs and wanted to be free of anything remotely connected with Government service. Now they have very considerable family responsibilities and they realize that they need additional protection offered at a very low cost by national service life insurance.

I should like to emphasize that the bill does not make additional persons eligible beyond those who were made eligible by the basic laws concerned. The bill will merely provide an opportunity for those who were originally eligible to submit their applications for coverage.

Mr. President, I ask unanimous consent to have printed in the RECORD a brief memorandum setting forth the provisions of the law which are affected by the bill, and a somewhat technical explanation of the effect which the bill would have, together with a definition of "good health," provided in Veterans' Administration Regulation 3401.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the memorandum and definition will be printed in the RECORD.

The bill (S. 3067) to provide a 1-year period during which certain veterans may be granted national service life insurance, introduced by Mr. LONG (for himself, Mr. BEALL, Mr. BIBLE, Mr. BRIDGES, Mr. BUSH, Mr. BUTLER, Mr. CAPEHART, Mr. CARLSON, Mr. CASE of South Dakota, Mr. CHAVEZ, Mr. DOUGLAS, Mr. DUFF, Mr. DWORSHAK, Mr. ERVIN, Mr. FULBRIGHT, Mr. GEORGE, Mr. GORE, Mr. GREEN, Mr. HENNINGS, Mr. HUMPHREY, Mr. IVES, Mr. JACKSON, Mr. JENNER, Mr. JOHNSTON of South Carolina, Mr. KEFAUVER, Mr. KENNEDY, Mr. KUCHEL, Mr. LANGER, Mr. LEHMAN, Mr. McCARTHY, Mr. McCLELLAN, Mr. McNAMARA, Mr. MAGNUSON, Mr. MALONE, Mr. MANSFIELD, Mr. MARTIN of Pennsylvania, Mr. MARTIN of Iowa, Mr. MUNDT, Mr. MURRAY, Mr. NEELY, Mr. NEUBERGER, Mr. O'MAHONEY, Mr. PASTORE, Mr. POTTER, Mr. SCOTT, Mr. SMATHERS, Mrs. SMITH of Maine, Mr. SPARKMAN, Mr. SYMINGTON, Mr. THURMOND, Mr. WATKINS, Mr. WELKER, and Mr. YOUNG), was received, read twice by its title, and referred to the Committee on Finance.

The memorandum and definition, presented by Mr. LONG, are as follows:

MEMORANDUM

Section 1 of the bill would restore for 1 year the eligibility (in effect prior to April 25, 1951) of persons who served between October 8, 1940, and September 2, 1945, both dates inclusive, to apply for and be granted National Service life insurance under section 602 (c) (2) of the National Service Life Insurance Act of 1940, as amended, upon proof of good health and payment of the required premium.

Part I of the act of April 25, 1951 (Public Law 23, 82d Cong.) (Servicemen's Indemnity Act of 1951), provides for the payment of a maximum of $10,000 free servicemen's indemnity for death in active service on and after June 27, 1950, and, under certain circumstances, for death within 120 days after discharge from such active service. Part II of the act of April 25, 1951 (Insurance Act of 1951) added section 619 to the National Service Life Insurance Act of 1940, as amended, which section, among other things, prohibits the further issue of insurance to persons on active duty; to World War I veterans based on service between October 6, 1917, and July 2, 1921; and to World War II veterans based on service between October 8, 1940, and September 2, 1945. As indicated above, section 1 of my bill would give World War II veterans another chance, for 1 year, to apply for such insurance.

Part II of the act of April 25, 1951, also added sections 620 and 621 to the National Service Life Insurance Act of 1940, as amended, to give persons discharged from service after that date a chance to obtain a special type of nonparticipating national service life insurance at lower premium rates. Section 620 of the act provides insurance after discharge from active service after April 25, 1951, to the service-connected disabled who apply therefor within 1 year from the date service connection of such disability is determined by the Veterans' Administration. Section 621 of the act provides insurance (without any good-health requirement) for persons who were ordered into active service for a period exceeding 30 days and were discharged therefrom after April 25, 1951, if application is made therefor within 120 days after separation from such active service. Some persons who served during the Korean conflict period failed to apply for insurance during the required period. Section 2 of my bill would allow such persons 1 year from the date of enactment thereof within which to apply for insurance under sections 620 and 621 of the act. However, the bill would require submission of evidence of good health satisfactory to the Administrator where application is made under section 621 within 1 year but more than 120 days after separation from active service.

VETERANS' ADMINISTRATION REGULATION 3401—DEFINITION OF GOOD HEALTH

The words "good health" when used in connection with insurance, mean that the applicant is, from clinical or other evidence, free from disease, injury, abnormality, infirmity, or residual of disease or injury to a degree that would tend to weaken or impair the normal functions of the mind or body or to shorten life.

EXTENSION OF GREETINGS TO STATE OF SUDAN

Mr. SMITH of New Jersey. Mr. President, on January 1 a new independent state was born. I refer to the Sudan. On that day the flags of Great Britain and of Egypt, who had jointly ruled the Sudan since 1898, were lowered, and that country received from its former rulers recognition of its independence.

On the same day Queen Elizabeth II, Prime Minister Eden, and Foreign Secretary Lloyd of Great Britain congratulated the Sudan on its independence.

Similar words of greetings have been sent to the Sudan by our Government and by the President, and the United States recognized the newly independent State of the Sudan on January 1, 1956.

It has always been my feeling that when the United States—and specifically the Congress—has an opportunity to demonstrate its approval of and support for nations which are just obtaining their independence and self-government, we should take that opportunity.

The United States, as a former colonial power, has traditionally been most sympathetic toward other people who are striving for freedom, independence, and self-government.

I believe we should always strongly support those in other lands who can demonstrate their ability to govern themselves responsibly and in a democratic fashion.

Mr. President, with these principles in mind, on behalf of myself, the distinguished chairman of the Committee on Foreign Relations, the Senator from Georgia [Mr. GEORGE], and the ranking members on that committee from both parties, the Senator from Rhode Island [Mr. GREEN] and the Senator from Wisconsin [Mr. WILEY], I introduce, for appropriate reference, a joint resolution extending greetings of the Congress to the Sudan, expressing, in the words of the resolution, "the earnest hope that the Parliament and the people of the Sudan will enjoy continuing success in the development of a sovereign democratic republic" and reaffirming "the friendship of the United States for the people of the Sudan."

The PRESIDENT pro tempore. The joint resolution will be received and appropriately referred.

The joint resolution (S. J. Res. 128) to extend greetings to Sudan, introduced by Mr. SMITH of New Jersey (for himself, Mr. GEORGE, Mr. GREEN, and Mr. WILEY), was received, read twice by its title, and referred to the Committee on Foreign Relations.

FUNDS FOR CERTAIN PUBLIC WORKS PROJECTS

Mr. NEUBERGER. Mr. President, never before in world history has a government solemnly announced that it was too poor to afford for its own people something which it was willing to finance for the people of another country.

Yet that has occurred in the United States of America, under our present Republican administration. For this reason, I am submitting, for appropriate reference, a resolution, to state as our public policy that, whenever any sum is spent by our Government for a multipurpose river project outside the borders of the United States, an equal sum should be appropriated that same year for multipurpose river projects inside the boundaries of the United States. My resolution also adds: "and such equal sum should be in addition to ordinary appropriations during such year for multipurpose dam projects within the United States."

Why is such a resolution necessary, Mr. President? I shall explain the reasons.

FUNDS FOR EGYPT DAM, NONE FOR HELLS CANYON

According to the press, the present national administration is preparing to help Egypt erect at Aswan on the Nile River a great dam project for water power, irrigation, and flood control, which will cost a total of $1,300,000,000. Yet this same administration has told the inhabitants of the Pacific Northwest that we are too poor in purse to erect a dam costing $350 million—about one-fourth the cost of the Egyptian project, at Hells Canyon along the Snake River, which is the finest water-power site still undeveloped in the United States.

Mr. President, if some of us read this in a satire by Jonathan Swift, or in a novel by Alexander Dumas, we would regard it as so fantastic as to be beyond human credulity.

Yet it is happening right before our own eyes. The United States Government is planning to help finance Sadd el'Ali, as the high dam on the Nile River is known to Egyptians. But the leaders of our Government shake their heads negatively when the people of the States of Oregon, Washington, and Idaho ask about the high dam on the Snake River. This explains why I occasionally refer to Secretary of the Interior Douglas McKay, one of the spokesmen for this Jekyll-and-Hyde policy, as "no Sadd el'Ali."

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

Mr. NEUBERGER. I yield.

Mr. MORSE. Does the Senator have the same understanding I do, that the proposal of the administration is to grant $56 million to Egypt for the Aswan Dam, which will be just a complete giveaway of tax money? But we cannot get them to go along with the appropriations for a self-liquidating dam at Hells Canyon, a dam which over the years would return to the Treasury many times its cost.

Does my colleague have the same feeling about this matter that I do?

Mr. NEUBERGER. I certainly do. The administration has said there are not funds in the Treasury for the Hells Canyon Dam.

Mr. MORSE. But apparently the administration has $56 million to give away to Egypt, although no return will be had by us from that dam, whereas from Hells Canyon Dam the American people will get back everything they invest, and also the profits over the years. Is not that true?

Mr. NEUBERGER. Yes; the distinguished senior Senator from Oregon is entirely correct.

Mr. MORSE. It all seems to depend on whether there are in the United States private utilities which wish to obtain everything they can from the Government, by way of tax amortizations and by way of skimming the cream from projects for the utilization of our rivers. However, we find that when it comes to Egypt, the administration desires to give away $56 million.

Let me serve notice now that when the Aswan Dam proposal reaches the floor of the Senate, the Senate will have an opportunity to decide whether it wishes to give away $56 million and not vote for an amendment on Hells Canyon.

Mr. NEUBERGER. Mr. President, I am very glad that the senior Senator from Oregon takes that position.

In May of 1954, Secretary McKay, who is an ex-Republican Governor of Oregon, told the residents of Oregon in a statewide TV and radio broadcast that, because our Government was burdened with a debt of $275 billion, it was necessary to forego further Federal dams such as Bonneville, McNary, Hungry Horse, and Grand Coulee. The Secretary said that Congress, conscious of this national debt, was beginning to be reluctant to appropriate funds for Federal projects in the Columbia River basin.

COLUMBIA DAMS REPAY TREASURY

I suppose such reluctance might be a fact, although it should be emphasized that existing Federal dams on the Columbia River system are paying for themselves, through power revenues, and that the Bonneville Power Administration is $65 million ahead of its repayment schedule for principal plus interest.

But in the name of reason, Mr. President, if it is our $275 billion national debt that keeps us from financing a high dam on the Snake River in the United States of America, how can we finance a still higher dam on the Nile River in Egypt? What are we using to help pay for the Egyptian dam—Confederate dollars, counterfeit coins, or wampum?

How can our Treasury be so empty when we need a dam on the Oregon-Idaho border, but so full when the administration wants to put up a dam in Egypt? I thought I knew the names of my 48 States pretty well, but has Egypt been included in the Union while I was not looking? Maybe we took it in as a State ahead of Alaska, inasmuch as this administration is so opposed to Alaska because Alaska might commit the unpardonable crime of electing two Democratic Senators. Are the Senators from Egypt present in the Chamber?

Mr. President, I am not an opponent of foreign aid. To the contrary, I am a supporter of foreign aid. Support for our mutual security and technical assistance programs was an important issue in my campaign for the United States Senate. I believe it is far cheaper for the United States to strengthen our friends and allies through financial assistance than to be without friends or allies when we would have to prepare for a possible defense against aggressors. On the Senate rollcalls last year, when efforts were made to weaken our foreign-aid program, I allied myself with those Senators, under the leadership of the distinguished senior Senator from Georgia [Mr. GEORGE], who stood by substantial and generous commitments to nations which might be at our side in any crisis between the free world and the Soviet world.

But, Mr. President, it is hard to justify a foreign-aid program which offers to another country a gift which has been denied to our own people. In the present instance, it is a multipurpose river projects providing hydroelectric power, irrigation, navigation, and flood control. I would feel the same if we presented another nation with food or clothing when we were being denied these necessities in America. Of course, this is not the case with food or clothing, which are in more than ample supply.

ADMINISTRATION CHOKES RIVER PLANS

However, the present national administration has choked off a vast and successful program of American river development. For example, the budget for fiscal 1957 carries no substantial increase over fiscal 1956 in funds for river control, despite the fact that the past year has been troubled by a series of tragic and disastrous floods in New England, in California, and in the States of the Pacific Northwest. Flood control for Egypt, but not for the United States. Is this grim irony to continue? At Hells Canyon, though abandonment of the plans for a high Federal dam, the region where I live is losing nearly 3 million acre-feet of valuable and perhaps lifesaving storage which could provide flood control.

These circumstances make both ironic and absurd the news in the press that the United States is about to advance $56 million as the first installment on its assistance to Egypt in the financing of Sadd el'Ali, the high dam across the Nile River. I wonder whether one major factor in this amazing situation is the fact that no private utility company evidently covets the site on the Nile, whereas a very influential private-power corporation already has a half-Nelson on the site along the Snake River? After all, this administration never—no, never—does anything to offend or disturb a private-utility company. Never. What if 3 million acre-feet of storage for flood control are sacrificed for all time? What if more than 405,000 firm kilowatts of energy are lost eternally? Still, we must remember that this administration cannot jettison its political alliance with the private utilities; that would be unthinkable.

POVERTY HANDMAIDEN TO COMMUNISM

So that I not be misunderstood, Mr. President, let me say once more that I do not criticize American technical and economic assistance to underdeveloped countries, whether for railroads, public-health and sanitation systems, agricultural modernization, or multipurpose

river-development projects. In past years, we have spent millions of dollars for such projects in many countries of Latin America, Europe, and Asia; and Egypt is but the latest instance, and a spectacular one.

I support American assistance of this type, because only rising standards of living will enable the millions of people of underdeveloped nations to take their place in the kind of world both they and the people of America want. Poverty, disease, hunger, and malnutrition are the handmaidens of communism. Only with our help can other peoples achieve the standards they seek as independent nations, without a 999-year mortgage to Soviet imperialism.

A high dam is fine for the Nile River in Egypt, just as a high dam is fine for the Snake River in the United States. If our help with a high dam to raise their living standards will give the people of Egypt friendship for and confidence in the free and democratic West, very good. But I have been concerned, Mr. President, with reports that the United States and Soviet Russia are virtually bidding against each other for a chance to pay for Egypt's Aswan project. Under such circumstances, will not the people of Egypt, and of all other underdeveloped nations, cynically conclude that we are merely submitting to international blackmail? Will not this bidding for their favor strike them as reminiscent of buying a harem slave girl on the auction block?

ADMINISTRATION LABEL ON HIGH DAMS: "NOT TO BE TAKEN INTERNALLY"

Perhaps, Mr. President, there is still hope for the people of the Pacific Northwest. Perhaps even this administration, even Secretary McKay, would break down and favor a Sadd el'Ali at Hells Canyon, if the people of the Pacific Northwest could obtain an offer from Russia to advance the funds which the United States somehow cannot find for that project.

Joke though we may, Mr. President, this basically is no joking matter. It is sad and distressing. What will historians say of a government which let floods surge down the Feather and Snake and Coquille Rivers in its own country, but kept eyes only on the Nile River, 6,000 miles away? Apparently high dams are for export only. "Not to be taken internally" is the administration's label on the high-dam bottle, I suppose.

Mr. President, I ask unanimous consent to have the full text of my resolution printed at this point in the RECORD.

There being no objection, the resolution (S. Res. 201) was ordered to be printed in the RECORD, as follows:

Resolved, That it is the sense of the Senate that whenever any sum is appropriated by the United States Government for the purpose of financing or assisting in the financing, on either a loan or grant basis, of a multipurpose dam project for hydroelectric, flood control, irrigation, or navigation purposes in any foreign country, an equal sum should be appropriated during the same year for one or more Federal projects for hydroelectric, flood control, irrigation, or navigation purposes within the United States, and such equal sum should be in addition to ordinary appropriations during such year for multipurpose dam projects within the United States.

Mr. NEUBERGER. Mr. President, I also should like to propose to my colleague the illustrious senior Senator from Oregon [Mr. MORSE], who is the foremost champion of public power in this Chamber, that, as a member of the Foreign Relations Committee, he consider the inclusion of a Hells Canyon provision in the Sadd el'Ali bill, if the administration sends such proposed legislation to the Senate. If anyone can dramatize this paradox of Sadd el'Ali for Egypt and no Sadd el'Ali for the United States, it is the senior Senator from Oregon, with his fighting qualities and his gift of oratory and persuasion.

In conclusion, Mr. President, I ask unanimous consent that there appear with my remarks a press release on this subject from my office, dated December 13, 1955; an article from the Economist of London, dated December 3, 1955, entitled "The Sudanese and the High Dam"; and an Associated Press dispatch from the Oregon Daily Journal of Portland, Oreg., dated December 17, 1955.

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

PRESS RELEASE FROM THE OFFICE OF SENATOR RICHARD L. NEUBERGER, DECEMBER 13, 1955

A recommendation that the United States ask the World Bank for $300 million to build a high Federal dam across the Snake River in Hells Canyon came today from Senator RICHARD L. NEUBERGER, Democrat of Oregon.

"Secretary of the Interior McKay has abandoned North America's finest remaining hydroelectric site to the Idaho Power Co. for piece-meal use, on the grounds that our Treasury is so depleted," said NEUBERGER. "Yet this same Republican administration favors both American and World Bank assistance to Egypt for erection of Sadd el' Ali, the high dam across the Nile River."

NEUBERGER claimed that, if the Federal Treasury is too hard pressed to finance a great dam across the Snake River in the United States, he finds it difficult to understand how this same Treasury can help to pay for a dam across the Nile River in Egypt.

"I guess no Republican private-utility lobbyists are opposed to a dam in Egypt," NEUBERGER added.

The 42-year-old Orgeon Senator declared that history contains "few ironies to match that of a great nation which is willing to help finance a high dam on the Nile River, 6,000 miles away, but insists it is too poor in purse to finance a high dam to generate a million vitally needed kilowatts of power, control floods, and assist navigation and irrigation within its own borders."

"Apparently the administration feels that what's good for Egypt is not good for the United States," he added. "Is it rash to think America's resources deserve development at least equal to Egypt's? All possible steps should be taken to save the magnificent natural resource at Hells Canyon, even if the United States must obtain international assistance from the World Bank to do so."

The Oregon Senator, who described himself as a supporter of programs to assist friendly nations overseas, said it was passing strange that administration spokesmen say the United States cannot raise funds to develop Hells Canyon.

[From the London (England) Economist of December 3, 1955]

THE SUDANESE AND THE HIGH DAM

Colonel Nasser's project for a high dam on the Nile has so dramatic a ring that it has captured imagination outside as well as inside Egypt. Therefore its implications for those who live upstream of it are escaping attention. The world hears that the Sudan, which is the country principally concerned, is to have half of the net benefit of the new water, and since this is more water than the Sudanese are using now, it imagines that they are getting a generous deal. But in fact they are perturbed. In Khartoum a young government, beset with domestic problems, is being asked to give now a decision on proportions that will affect the Sudanese for all time. The issue to the Sudanese is not just their share in the immediate benefit (in the technical sense of additional usable water) nor yet the major disturbance to the Halfa region that was described by the Cairo correspondent of the Economist 2 weeks ago. It is to safeguard a fair share, stretching far into the future, in the waters of the Nile.

The prime object of the dam is over-year storage, retaining the excess of high years to supplement low, so that all years are average and use can be constant and full. Clearly, the capacity of the reservoir must be very large, enough to cope with a cycle of low years yet with room for the excess if high years come instead—it must never get too full or too empty. Nor can use begin until an adequate starting supply has been accumulated, which means earmarking surplus water for an unknown and possibly lengthy initial period.

The idea of the high dam was developed from the proposal for a third raising of the Aswan Dam for flood protection, and as then conceived was combined with a project for flood escape into the Wadi Rayan further downstream. In its present form, with over-year storage, it dates from late 1952. Until then, over 50 years' study of Nile control, covering the whole of the Nile Basin, had led to schemes for overyear storage at source—in the East African lakes and in Lake Tana, in Ethiopia. The main works were to include, for the Equatorial (White) Nile, use of Lakes Victoria, Kioga, and Albert, with dams and regulators and a 170-mile channel through the area known as the Sudd to reduce loss in the Southern Sudan swamps; for the Blue Nile, a dam at Lake Tana and probably one at Roseires; and for the Main Nile, north of Khartoum, one or more dams primarily for flood protection. The Owen Falls Dam has already been built high enough to allow future storage in Lake Victoria, with Egypt making a contribution to the cost.

These components, spread over a vast area and involving many countries, obviously have to be tackled in stages. The fascination of the high-dam scheme is that it appears to solve all problems, technical and political, by a single project. For Egypt, it has the obvious attractions of gathering water in one place (and that on the doorstep), giving flood protection, and providing power. For the Sudan, these attractions are reversed: the water is a thousand river miles downstream from the area of use, and if it is to be made available where needed, costly works that would affect the river and so themselves require agreement, will be necessary; there is no flood protection element at all, and a share of power, if on offer, is from a point hundreds of miles over the Nubian Desert. Further, the Aswan region is one of the hottest and driest in the world, and losses by evaporation will be at a maximum. For completely efficient control as much over year storage as possible should be cited where evaporation is lowest.

To fix the picture, some round figures are necessary. The population of Egypt is about 20 million, of the Sudan about half that figure. The gross areas under irrigation in Egypt now total roughly 6 million acres, in the Sudan roughly 1½ million. Neither can be considered simply—for example, the Egyptian practice of 3 crops in 2 years compares with an annual crop in the Sudan, and fallows differ—and the plain fact is that both countries have enough land, and prospective population, to use any amount of water.

The limit, in a word, is water. The average annual flow of the Nile, measured at Aswan, is 85 milliard (thousand million) tons; it has been recorded as ranging from 42 to 155 milliard tons. Four-fifths passes from July to December, with the peak of the flood in September, and much is surplus and lost to the sea. At present the Sudan uses 4, and Egypt 48 milliard tons. Full control, by the high dam, would add 84−(4+48)=32 milliard tons, the division of which is now in question. Between 10 and 12 milliard tons would be lost, mainly by evaporation from the huge reservoir, and the net gain would thus be about 20 milliard tons of usable water, at Aswan. The comparable aggregate benefit of the schemes previously under study was estimated in 1952 at 10 milliard tons. The figure of 20 milliard is clearly an upper limit, assuming hundred-percent control: That of 10 milliard is almost certainly conservative. The high-dam project in its present form displaces, but cannot fully replace, the other schemes; they may follow, in the distant future, but with reduced benefit to be shared later.

POSSIBILITIES OF DEVELOPMENT

The half share offered by Egypt refers to the net benefit of 20 milliard (i. e., at the cost of half the 12 milliard loss) and may more than treble the Sudan's present rights. This is a great increase and would certainly cover development for many years. But it covers only development already planned. Both closer cropping and the utilization of further areas (known to be suitable for development through postwar surveys in which consulting engineers and aerial survey took part) can double—and possibly treble—the Sudan's potential use of water.

The Sudan does not question Egypt's right to the 48 milliard tons now used, but does feel that Egypt had several thousand years' start (and, incidentally, acquired the cheap water), and that fair shares should take some account of the totals to date. To accept the present offer means that the Sudanese accept (besides the right of Egypt to draw on all surplus until the High Dam is first filled) a limit of certainly half, and possibly a third, to their long-term development potential—while Egypt may, in comparison, nearly achieve its target. The Sudanese would prefer first to settles shares of the balance of 32 milliard tons (and so, in effect, of the full 84 milliard) and then to be free to tackle such projects as they wished in order to make use of their share; at the same time they would be ready with consideration and assistance for any project Egypt might propose.

[From the Oregon Daily Journal of Portland, Oreg., of December 17, 1955]

DAM GIFT OFFERED—UNITED STATES, BRITAIN AID TO EGYPT PLANNED

WASHINGTON, December 17.—The United States and Britain have offered to give Egypt $70 million to begin construction of one of the world's greatest dams on the Nile River.

The State Department announced today that the two Western Powers had "assured the Egyptian Government * * * of their support in this project."

The announcement did not disclose any figures.

The offer of an initial $70 million, of which the United States would put up $56 million and Britain $14 million, was described, however, to be the heart of the proposition.

The move by the Western Powers is designed in part to counteract growing Russian influence in the Middle East bolstered particularly by the sale of arms to Egypt by Red Czechoslovakia.

It was learned the Western offer was made here last Friday to Egyptian Finance Minister Abdel Moneim El-Kaissouni by Under Secretary of State Herbert Hoover, Jr., and British Ambassador Roger Makins.

Kaissouni was scheduled to start back to Cairo today, by way of London, to discuss it with his government.

The great Nile project will irrigate about 2 million acres of arid land, to help feed Egypt's increasing population, and generate about 9 billion kilowatt-hours of power each year to boost industrialization.

Congress and the British Parliament must vote approval.

Russia has been reported offering to make Egypt a 50-year loan at 2½ percent interest to help finance the structure which will cost a reported $1,300,000,000 and take 15 to 18 years to complete.

State Department officials refused to say whether one of the conditions in the Western offer is that Russia should be barred entirely from the project but it was understood that this is in fact a condition, whether explicit or implied.

Mr. NEUBERGER. So, Mr. President, I am submitting my resolution to place the Senate on record as telling this administration that, for each dollar spent to provide power and flood control and irrigation overseas, at least one extra dollar should be budgeted for these priceless benefits in the United States. I do not like to suggest such a condition on our foreign-aid program, which has helped through the years to strengthen our allies and the free world, and thus ourselves. But, Mr. President, never before have we had a national administration which proclaimed as its policy that what was good for Egypt was not good for the United States of America. To straighten out that policy, I submit the resolution.

The resolution (S. Res. 201) was received and referred to the Committee on Interior and Insular Affairs.

Mr. MORSE. Mr. President, will my colleague yield to me?

The PRESIDENT pro tempore. Does the Senator from Oregon yield to his colleague?

Mr. NEUBERGER. I yield.

Mr. MORSE. I wish to say to my colleague that I appreciate his very generous remarks. I desire to assure him that if the Aswan Dam and the $56 million item get to the floor of the United States Senate, I shall give my colleague an opportunity to vote on that dam and also to vote on an amendment which will protect the people of the United States in a high dam at Hells Canyon, which will provide for a self-liquidating project that will help us with flood control and help us obtain the cheap power we need for our country.

Let me say in conclusion that I am just at a loss to understand an administration which thinks it could get by with a proposal to use $56 million of the American taxpayers' money to build a high dam in Egypt, and then argue that it is creeping socialism in the United States if in the United States we build a dam that will pay back to the taxpayers of our country more than its cost over the years.

Mr. NEUBERGER. Mr. President, let me remind the senior Senator from Oregon that the $56 million is just the beginning of the first contract for the Aswan Dam.

But evidently, as he realizes, high dams are for export only, and are not to be taken internally.

REPAIR ASSISTANCE TO NEW HOMES DAMAGED BY MAJOR DISASTERS—DISCHARGE OF A COMMITTEE—JOINT RESOLUTION PLACED ON CALENDAR

Mr. CLEMENTS. Mr. President, I ask unanimous consent that the Senate Committee on Banking and Currency be discharged from further consideration of House Joint Resolution 471. The joint resolution is identical with Calendar No. 1426, Senate Joint Resolution 113, to permit Federal Housing Administration title I repair assistance to new homes damaged by major disasters.

I will say to Members of the Senate that this matter has been cleared by Members from both sides of the aisle in the Banking and Currency Committee and also with the minority leadership.

The PRESIDENT pro tempore. Without objection, it is so ordered, and the joint resolution will be placed on the calendar.

RESOLUTIONS TAKEN FROM THE CALENDAR AND REFERRED

Mr. CLEMENTS. Mr. President, I ask unanimous consent that Calendar No. 1460, Senate Resolution 193, to provide additional funds for the Committee on Labor and Public Welfare; Calendar No. 1461, Senate Resolution 194, authorizing the Committee on Labor and Public Welfare to employ four additional temporary clerical assistants; and Calendar No. 1462, Senate Resolution 180, providing additional funds for the Committee on Interstate and Foreign Commerce, be taken from the calendar and referred to the Committee on Rules and Administration.

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

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

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

By Mr. WILEY:

Address by him on the brink-of-war controversy, delivered before the safe-deposit section of the District of Columbia Bankers' Association on January 26, 1956.

REDUCTION IN FUNDS FOR THE ARMED SERVICES

Mr. SYMINGTON. Mr. President, the most highly publicized feature of the President's recent budget message was its prediction that the budget would be balanced during the year 1956. If these figures turn out to be accurate, there will have been a shift from a $4.2 billion deficit last year to a $200 million surplus this year.

Despite all the talk about our determination to increase our military strength, let us look from whence came this ability to obtain suddenly a balanced budget in 1956. Any American who believes it important for his country to remain free should be interested in the following facts:

To get a balanced budget this year, expenditures for combat aircraft are being reduced over a billion dollars. We

have heard much recent talk about our inability to compete with the Communists on a quantity basis; and that therefore we must excel in quality, especially technological quality. But, Mr. President, in order to achieve this balanced budget in 1956, expenditures for defense research and development have been cut $27 million.

This is not all. Although we now admit that the Soviets are far ahead of us under the sea, to achieve this balanced budget in 1956, we are cutting our Navy $300 million.

Despite the steady heavy reductions in the Army over the past 3 years, in order to achieve this balanced budget, we are cutting Army expenditures some $390 million.

We have heard and read much about being able to cut the Army and Navy and Marines because of the growing importance of airpower. Nevertheless, in order to achieve a balanced budget in 1956, we are now cutting the expenditures for the Air Force more than even those for the Army and Navy—$450 million.

What have been the favorable developments in our international relations, what have been the buildups in the military strength of our allies, that make it possible further to reduce our expenditures for national security during 1956?

All this is even more interesting because of testimony given the Senate, in secret session, stressing the almost unbelievable buildup in Communist air and sea strength in recent months. Their supremacy on the land has long been known.

Anybody who has even casually studied this problem knows that if these reductions are made this year, they will have to be made up next year, unless the announced goals are changed. But a year lost in military strength can never be made up.

Is it not interesting to note that whereas the expenditures for each of the armed services are being reduced hundreds of millions of dollars in the year 1956, plans to increase them are announced for 1957?

Despite all these conditions, we continue to cut our expenditures for national security and that is shown in a document which can be obtained by the Soviet Embassy for nothing.

This administration has boasted, and no doubt will continue to boast, that it has achieved a balanced budget, despite a tax reduction. But it is crystal clear that this has been done in one way, and one way only, namely, by reducing the military strength of the United States.

LETTER FROM GOVERNOR OF WISCONSIN URGING FACTS BE PRESENTED ON NATURAL GAS RATE ISSUE

Mr. WILEY. Mr. President, I was pleased to receive this morning from the Governor of my State, the Honorable Walter J. Kohler, a very important communciation. In it, he rightly pointed out several exceedingly significant facts concerning the utter lack of information on costs and prices for the production of natural gas—an utter lack of facts, compared to the enormous abundance of facts on interstate transmission of gas and local distribution of gas.

The reason for this discrepancy is, of course, the fact that the rates charged by local utilities are determined by State or local regulatory commissions. The rates charged by the interstate pipelines are an open, verified record before the Federal Power Commission. But there is a "paper curtain" over the real facts as regards the economics of the natural gas producers.

As my good friend, the Senator from Michigan [Mr. POTTER], has pointed out, not a single natural gas producer chose to present the facts before the Senate Interstate Commerce Committee.

The chief executive of my State, recognizing this and related situations, makes the wise recommendation that the Senate Interstate Commerce Committee should get the facts. He urges recommittal of the pending bill to that committee.

As I have been glad to point out on many occasions, I, too, believe that this matter should, at the very start of this session, have been recommitted to the Interstate Commerce Committee. Because of the relative lateness of the hour in debate on this issue, my colleagues may feel otherwise. I commend to them, however, the most excellent letter addressed to me by Governor Walter J. Kohler. I point out that it represents another chapter in an absolutely uninterrupted record on the part of the State of Wisconsin in defending the rights of 400,000 of its own consumers, and of 30 million natural gas consumers as a whole throughout our Nation. I know of no State which has had a better record in fighting the good fight.

I know of no State public service commission which has done a better job in scrutinizing this entire natural gas rate subject than that which has been performed by the Public Service Commission of Wisconsin, whose chairman is the Honorable James R. Durfee, a man whom I am proud to call a friend. What is more important is that he is a friend of the people of his State and of the Nation.

In the letter the Governor of Wisconsin refers, among other things, to an attack which was made on the regulatory commissions of the various States.

He suggests that this is an investigation which might very well be undertaken, on recommittal, by the appropriate committee. I ask that the entire letter be printed in the RECORD following my remarks.

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

MADISON, WIS., *January 25, 1956.*

Hon. ALEXANDER WILEY,
Senator, State of Wisconsin,
Senate Office Building,
Washington, D. C.

DEAR SENATOR WILEY: The present debate in the United States Senate on the Fulbright bill to exempt natural-gas producers from Federal regulation has resulted in a hopeless confusion of disputed figures and statistics about the natural-gas industry.

There can be no confusion as to the basis for rates charged by local utilities to the consumer of natural gas in Wisconsin or elsewhere. These rates are determined by State or local regulatory commissions, such as our public service commission in Wisconsin. There is no mystery or confusion here, as the utilities must file their records as to costs of operation and testify under oath and cross-examination on their rate hearings before these regulatory commissions. The basis for these rates is a matter of public record within every natural-gas consumer State.

Just as gas regulation in the State is an open verified public record, so also is the regulation of interstate natural-gas pipelines by the Federal Power Commission. There can be no confusion as to the basis for rates charged local utilities by these interstate pipelines. This, too, is a matter of public, verified record, officially determined by the Federal Power Commission.

Nevertheless, in the present debates, representatives of the gas producer States have attempted to place the responsibility for higher gas consumer rates upon the State and local regulatory commissions. Senator MONRONEY, of Oklahoma, a principal spokesman for the Fulbright bill, asserted recently on the Senate floor:

"I cannot understand how the local public regulatory bodies, which appeared before us at our hearings and cried in behalf of the poor consumers, have been sitting so idly by, failing to apply the yardstick of the cost of distribution elsewhere, and learning, perhaps, that the guilty fingerprints on the gun, if you please, which is holding up the consumers for high gas rates are their own fingerprints in permitting such high charges to go unchecked and unregulated." (CONGRESSIONAL RECORD, p. 292, Jan. 9, 1956.)

Last May and June, representatives of several regulatory commissions of consumer States, including Wisconsin, appeared voluntarily and testified before the hearings of the Senate Committee on Interstate and Foreign Commerce, against the Fulbright bill. They were cross-examined at length by Senators from producer States, including Senator MONRONEY. Neither Senator MONRONEY nor any other Senator ever raised these unfounded accusations against our State commission or any other State or local regulatory agency during the committee hearings. Such unfounded charges are now being made, for the first time, from the secure sanctuary of the Senate floor, without opportunity for reply by those accused. I am confident that this last minute vilification of the integrity and competence of an essential part of the government of the many consumer States will be resented and repudiated by them, regardless of political consideration.

The real confusion in statistics on natural gas prices lies in the fact that there are no accurate verified figures for costs and prices for production of natural gas comparable to the figures for interstate transmission or local distribution. While the case of the *State of Wisconsin et al.* v. *Phillips Petroleum Company et al.* was decided by the United States Supreme Court in June 1954, not one natural-gas producer has yet been required to submit its records in proof of its demands for increased prices, although producer increases totaling over $32 million have been allowed since the Phillips decisions. (F. P. C. News Digest, January 9, 1956.)

Furthermore, not one natural-gas producer ever appeared before the Senate committee hearings last summer to testify in support of their own bill. Senator POTTER of Michigan, a member of the Senate committee which conducted the hearings last summer, stated just the past week in the Senate debate on the Fulbright bill:

"Not one single producer—I should like to emphasize that—not one single producer af-

forded himself of the ample opportunity to plead his financial distress.

"Not one single producer appeared before the committee to show us the records, to give us his figures, to point out in what way he was suffering financially from the present regulatory situation.

"If their situation is as bad as they would like to have us think, why did they not appear to testify? There is a good reason, and I think that reason is quite apparent.

"The natural-gas producers feared to appear, to open their books, and present exact figures, because to do so would be to open a Pandora's box of questions, the answers to which would have been embarrassing to their cause, to say the least." (CONGRESSIONAL RECORD, p. 898, Jan. 19, 1956.)

If, as Senator MONRONEY, of Oklahoma, now charges, there are guilty fingerprints on the gun, the State and local regulatory commissions have registered their fingerprints as a matter of public record. The only missing fingerprints on the record are those of the natural gas producers. Let the producers themselves, who now seek exemption from the law, come forward before the Senate committee with their records. Let Senator MONRONEY withhold his last minute charges against the integrity and competence of State and local regulatory commissions all over this Nation until his own producer constituents from Oklahoma show their hands to the Senate.

This natural gas issue does not only involve their industry, the sixth largest in our country, but also involves about 30 million natural gas consumers including about 400,000 in Wisconsin. There may be substantial merits to both sides of the controversy which must be determined on the facts. What are the real first hand facts as to the natural gas production industry? How can the Senate determine these facts when not one producer has testified before the Senate committee?

I therefore respectfully recommend that you ask that the Fulbright bill be recommitted to the Senate Committee on Interstate and Foreign Commerce for further hearings, and specifically for hearings on first hand, direct testimony from the producers of natural gas themselves as to the real facts concerning their claim for exemption from the present Natural Gas Act.

If this measure has real merit, let the producers themselves furnish the proof. They are the ones who now seek to be exempted from the present law. Until this proof is forthcoming, the State of Wisconsin will continue to oppose the present Fulbright bill.

Respectfully yours,

WALTER J. KOHLER,
Governor.

THE ADMINISTRATION'S SCHOOL CONSTRUCTION PROGRAM

Mr. SMITH of New Jersey. Mr. President, on January 12 I introduced for myself and 16 of my colleagues Senate bill 2905, to implement the administration's school construction program.

This bill has received a great deal of support from the leaders in the education field and also from the press.

A recent Gallup poll indicates great support from the American public for a program of Federal aid for public-school construction.

I ask unanimous consent to have printed in the body of the RECORD the article by Dr. George Gallup, published in the New York Herald Tribune on January 22, 1956.

I also ask unanimous consent to have printed in the body of the RECORD as part of my remarks sundry editorials and articles from newspapers in Washington, New York, Philadelphia, and Chicago supporting the administration's emergency public school construction program.

Finally, I ask unanimous consent to have printed in the body of the RECORD as part of my remarks a statement by the National Education Association supporting the administration's school construction proposal.

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

[From the New York Herald Tribune of January 22, 1956]

SIXTY-SEVEN PERCENT OF POLL VOTE BACKS FEDERAL AID TO SCHOOLS—GALLUP FINDS ALL MAJOR GROUPS FOR PLAN, REGARDLESS OF POLITICS

(By George Gallup)

PRINCETON, N. J., January 21.—The American public is solidly in agreement with President Eisenhower's proposal to grant Federal aid to the public schols.

All major groups of the population, all parts of the country, and the rank-and-file of both the Republican and Democratic Parties approve of Government financial help for the building of new public schools, in the latest institute survey.

In a special message to Congress earlier this month, President Eisenhower proposed an emergency 5-year $2 billion Federal aid program for school construction.

NEW POLLS PLANNED

Interviewing in today's survey was completed before the President made his proposal. New polls will be taken to determine the effect of his message on United States public opinion.

The issue was posed to a scientifically drawn cross-section of the public in the following manner:

"Some people say that the Federal Government in Washington should give financial help to build new public schools, especially in the poorer States. Others say that this will mean higher taxes for every one and that States and local communities should build their own schools. How do you, yourself, feel—do you favor or oppose Federal aid to help build new public schools?"

The results for all adults:

	Percent
Favor	67
Oppose	24
No opinion	9

Although every population group is in favor of such a proposal, the following differences are observed:

1. Democrats are slightly more in favor of the proposal than are Republicans and independents.

2. By regions of the country, far westerners give proportionately the greatest indorsement to the Federal aid plan. Southerners, on the other hand, show the least inclination to favor such a proposal.

RESULTS BY PARTIES

The results on the above are given in table form below:

Politics

Favor aid:	Percent
Republicans	64
Democrats	70
Independents	67
Oppose aid:	
Republicans	28
Democrats	21
Independents	22
No opinion:	
Republicans	8
Democrats	9
Independents	11

Region

East (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, Delaware, Maryland, New Jersey, New York, Pennsylvania, and West Virginia):

	Percent
Favor aid	69
Oppose aid	23
No opinion	8

Midwest (Illinois, Indiana, Michigan, Ohio, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota, and Wisconsin):

	Percent
Favor aid	69
Oppose aid	22
No opinion	9

South (Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Virginia):

	Percent
Favor aid	60
Oppose aid	29
No opinion	11

Far West (Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming, California, Oregon, and Washington):

	Percent
Favor aid	75
Oppose aid	17
No opinion	7

PUBLIC SYMPATHETIC

Today's survey is one more example of a general public sympathy toward educational problems.

An earlier survey, reported in October 1955, found that 2 out of 3 adults would be willing to pay more in taxes, if the extra money were used to raise school teachers' salaries.

The same survey also revealed that the public thought higher salaries would be the key factor in getting more personnel in the teaching profession.

[From the Philadelphia Inquirer of January 13, 1956]

AN EMERGENCY UNITED STATES SCHOOL PROGRAM

President Eisenhower's request for congressional action on a 5-year, $2 billion Federal school program points up 2 vital aspects of the crisis in the Nation's educational system.

One is that shortage of educational facilities for our children—due to a wartime lag in construction combined with a soaring birth rate—poses a national problem demanding prompt action if we are not to pay a heavy price tomorrow for failing to educate our children today.

The other is that providing proper schooling for our children is and should remain a local responsibility—but many communities, to their shame, have avoided it.

Because any failure to give our children proper educational opportunities can weaken the Nation, the President proposes that the Federal Government take unprecedented action to alleviate the shortage of public school classrooms which has denied schooling to some, and subjected millions of children to overcrowding.

Major part of the program is a proposal that the Federal Government provide a total of $1,250,000,000 over the next 5 years to aid in the construction of new public schools and additional classrooms. "Aid" is the key word, for Mr. Eisenhower insists that any sums granted by the Federal Government be matched by the States.

To complement this system of grants, the Federal Government also would purchase—up to a total of $750 million—local school construction bonds where the local district

cannot sell them in private markets at reasonable rates.

Need would be the basis for the grants. In a way this would penalize communities which have acted on their own to build their own schools. But the President suggests a formula for denying aid to States or communities which have the resources to build schools, but have simply failed to use them.

There is no question that this program or any like it, if passed by Congress, would put the Federal Government into the business of helping to pay for public schools which, up to now, has been a local responsibility. But the President feels that the need calls for drastic temporary measures, and statistics on the lack of classrooms back him up.

There is ample evidence, however, that Mr. Eisenhower has not shifted his ground on the imperative need for local communities to handle their own problems, in this and many other fields.

The requirement for matching contributions by the States is one provision he recommends to insure local action. Another is his request that any legislation contain safeguards against the danger that Federal aid will diminish local control of education.

Most important is the time limit. Mr. Eisenhower emphasizes that current and replacement needs for public school classrooms in general are being met. The 5-year program is to catch up with the war and postwar backlog of needs. After that is done, the Federal Government would step out of the school picture.

We hope that is the way it works out. For essential though it may be at this time, the Federal aid-to-schools plans demonstrate once more the way the Federal Government moves in when local communities fail to meet their own problems. And once the Federal Government has started to handle local problems—and to pay the bills—it is far to easy for the local communities to let down.

If this program goes through, it may give hard-pressed communities a chance to catch up on their job of schooling their children. It should spur local efforts to get more, better-trained and better-paid teachers—surely as important as school buildings.

Above all, if it is to be successful, it ought to strengthen the willingness of people in every State and local community to meet their own school responsibilities once the emergency is over.

[From the New York Mirror of January 13, 1956]

IKE'S SCHOOL-AID PROGRAM

President Eisenhower's proposed 5-year, $2 billion plan for Federal help in school construction is as follows:

Direct aid of $250 million each year for the neediest school districts, with the States matching the funds on a sliding-scale, ability-to-pay basis. Plus $750 million available for Federal purchase of school bonds where local school districts cannot find buyers at reasonable interest rates.

The program is to overcome the classroom shortage. After that, says the President, who emphasizes local and State responsibility for education, "The Federal grant program can and must terminate."

We take no quarrel with this enlightened, emergency proposal. Who could oppose the expenditure for schools, over a 5-year period, of less than half the amount projected for foreign aid in 1 year?

[From the Washington Post and Times Herald of January 13, 1956]

HOPE FOR THE SCHOOLS

The President's special message to Congress on education proposes a genuine and effective program of Federal aid for the Nation's public schools. The grants to be made under the proposal are somewhat less generous than those of the Kelley bill now pending before the House—$1,250,000,000 over a 5-year period as compared with $1,400,000,000 over a 4-year period. But the President has entirely abandoned the lamentable requirement of his last year's proposal that school districts take something in the nature of a pauper's oath before they could receive any grant at all. His new message reveals a much livelier understanding of the realities of the school problem. A great deal of the credit for this belongs, we fancy, to Marion Folsom, the new Secretary of Health, Education, and Welfare.

Mr. Eisenhower accompanied his specific recommendations with an outline of essential principles to be observed in connection with Federal grants. They are, briefly, that grants must not reduce the incentive for State and local efforts, that they should be distributed in accordance with relative need and that they should not in any way weaken "the American tradition that control of education must be kept close to the local communities." With the first and last of these, there will be little dispute in Congress and none whatever among educators. The Kelley bill would distribute Federal grants strictly in accordance with the distribution of school-age population. Allotment taking relative State resources into account has much to recommend it but many encounter political difficulties.

The President's sponsorship, at long last, of a full-fledged, bona fide Federal grant-in-aid program for education makes enactment of the program in this session of Congress a real possibility. He has been slow in recognizing the necessity for this program. The opening sentence of his message—"For several years now, our educational system has been the object of intensified appraisal"—is a marvel of understatement. The need for Federal aid was generally recognized long, long before the White House Conference. It is now an imperatively pressing need; and the President can best make amends for the delay by putting the full force of his office behind congressional action now. An education bill can be enacted if Mr. Eisenhower and Republican leaders in Congress get vigorously behind it. The importance of the program is plain. "We must recognize," as the President put it, "that a weakness in education anywhere is a weakness in the Nation as a whole."

[From the Washington Evening Star of January 13, 1956]

FEDERAL SCHOOL AID

The Federal Government, after much hesitation, has plunged headfirst into the turbulent waters of the Nation's school problem.

President Eisenhower's message outlines a proposed Federal-aid program which is designed to make possible, assuming a determined local effort, the construction of some 410,000 new classrooms in the next 5 years.

By any standard of measurement this is a big undertaking. The suggested Federal effort may be too much, too little, or about right. That is something which can be threshed out in the congressional debate which is certain to envelop this politically potent project.

For the moment it may be better to dwell, not upon the details of the President's program, but upon what he calls certain principles which are indispensable if Federal aid is to serve the cause of American education most effectively.

In summary form, these principles are: (1) Federal grants must not reduce the incentive for State and local effort, but, instead, should stimulate an increase in those efforts. To this end, it is proposed that grants be made only on a matching basis, and that proportionately smaller grants be made to States which are not exerting a maximum effort in their own behalf. (2) Federal funds should be distributed among the States according to relative need. In other words, the matching formula would be worked out so that the poorer States would get proportionately more Federal money, and the wealthier States proportionately less.

It seems to the Star that these are eminently sound principles, which should be faithfully adhered to. There is perhaps one more relevant principle which the President did not mention, but which should be kept in mind.

It is a fine thing to supply our children with modern schools and ample classrooms. But an up-to-date school system in terms of classrooms does not necessarily result in a good education. From all indications the Russians are leaving us behind in certain critical educational areas. Yet the chances are that their physical school plant, by and large, would look like a pretty primitive affair compared to ours. The difference lies in the kind of education which is offered, and which Russian youngsters are required to take. Our own educational problem is not going to be solved by 410,000 new classrooms, or by twice that many, as long as our sights are set on pushing the maximum number of children through school with a minimum of cerebral activity on their part.

[From the Chicago Sun-Times of January 13, 1956]

IKE'S PLAN TO BUILD SCHOOLS

School construction was seriously cut back during World War II and afterward because of a shortage of material and labor. After the war, the baby boom soon filled up the schools to overflowing.

Hundreds of thousands of children all over the country study in doubled-up classes or in makeshift buildings. And the tidal wave on the schools continues. The shortage of classrooms will get worse as time goes on.

Local communities have been trying to keep up with the increased demands, but there exists today a shortage of 203,000 classrooms. Many communities simply do not have the wealth required to meet the sudden need for new and modern school buildings. There is general agreement by all who have studied the problem that the Federal Government should help out.

In his special message on the subject yesterday, President Eisenhower said:

"The responsibility for public education rests with the States and local communities. Federal action which infringes upon this principle is alien to our system. But our history has demonstrated that the Federal Government, in the interest of the whole people, can and should help with certain problems of a nationwide scope and concern when States and communities—acting independently—cannot solve the full problem or solve it rapidly enough."

In this complicated atomic 20th century the education of youngsters must be of Federal concern. National security as well as needs of industry demand an educated and skilled citizenry.

The question before the Nation, therefore, is not whether the Government should help build schools, but how.

One plan, sponsored by Democrats, would simply dole out Federal money to communities or States on the basis of school-age population. The President instead proposes formulas that will not only help local communities but encourage them to do all they can on their own to meet the schoolroom shortage.

Under the Democratic plan, Federal funds might merely replace funds which otherwise would be raised at State and local levels. Ike's plan would require that Federal grants be matched by State appropriations. More-

over, he proposes a formula by which States that are lagging behind their ability to support public schools would not get as much Federal money. This should prod them into spending a greater proportion of their own funds for schools, to the ultimate benefit of the children.

In addition, the President proposes that Federal aid be distributed according to relative need. Larger amounts of money per school-age child would go to States with lower income per child; such States would not be required to put up as large a proportion of matching funds.

The President is saying that communities must do all they can to provide school facilities, but in those areas that are truly handicapped for lack of money, the children should not be handicapped for lack of education. A nation's greatest resource is its people; the next generation must be properly prepared for the great decisions and jobs it will face.

We hope this well thought out Eisenhower plan will not be handicapped by attempts to relate it to efforts to end segregation in public schools. These efforts should be directed at the local level, and any attempt to make school aid contingent on nonsegregation will, as a practical matter, simply doom the school aid program in Congress.

[From the New York Times of January 15, 1956]

EDUCATION IN REVIEW—PRESIDENT'S PLAN FOR FEDERAL AID TO SCHOOLS REMOVES OBJECTIONS TO HIS FIRST PROPOSALS

(By Benjamin Fine)

The President's message on education was well received in the academic field. Spokesmen for representative educational groups agreed that the proposals were a constructive step in the direction of better schools.

This is in marked contrast to the reception given to the President's program a year ago. Then the leading educators, almost without exception declared the plan impractical, unworkable, and without merit. They did not believe the school would he helpful.

When President Eisenhower presented his program on education Thursday, he showed a much deeper insight, and a broader grasp of the Nation's school needs than at any previous time. He presented a program that may well prove a landmark in Federal aid to the Nation's schools.

MAJOR PROPOSALS

In essence, these were the highlights of the President's plan for Federal support:

(1) A program of Federal grants amounting to $1,250,000,000 at a rate of $250 million annually for 5 years. This would be matched with State funds, to supplement local construction efforts.

(2) A program to authorize $750 million over 5 years for Federal purchase of local school-construction bonds when school districts cannot sell them in private markets at reasonable interest rates.

(3) A 5-year program of advances to help provide reserves for bonds issued by State school financing agencies. These bonds would finance local construction of schools to be rented and eventually owned by the local school systems.

(4) A 5-year $20 million program of matching grants to States for planning to help communities and States overcome obstacles to their financing of school construction.

The key to the above program is item No. 1—the direct grants in aid of $250 million annually for 5 years. This would mean, since the loans would be almost matched by the States, a total of close to $2,500,000,000 over the 5 years. It was estimated that about 60,000 classrooms could be constructed with this amount (at the prevailing cost of some $40,000 for each classroom). The additional classrooms may be just enough to meet the needs of a growing school population, providing the present rate of 60,000 or more classrooms a year is maintained, aside from the Federal program.

Whether the Democrats go along with the President's message remains to be seen. A bill, introduced by Representative AUGUSTINE B. KELLEY, Democrat, of Pennsylvania, and receiving bipartisan support, has been approved by the House Labor and Education Committee. It is scheduled to come up for a vote during this congressional session.

MATCHING AID

The bill calls for direct Federal aid, on a matching basis, of $400 million a year for 4 years. This would mean $1,600,000,000 in 4 years, rather than the $1,250,000, in 5. It is doubtful whether the administration will accept this measure.

But the difference is not too deep. Certainly, the difference has been whittled down drastically since the message of a year ago. And it is altogether likely that a compromise will be affected.

The President laid down several essential principles in his proposed Federal-aid program. The first, and most important, is that Federal grants will not reduce the incentive for State and local efforts. Rather, it is hoped that the Federal funds will stimulate an increase in such efforts. As the President noted, if Federal funds are used merely to replace funds that otherwise would or could be provided at State and local levels, there will be no net gain to the schools.

Accordingly, the message suggested that the grants be matched on a sliding scale. Some States have more resources than others. This formula was proposed by the President:

In distributing Federal funds, larger amounts per school-age child should be allotted to States with lower income per child.

In fixing matching requirements States with low income should not be required to put up as large a proportion of funds as higher income States.

As the States distribute these funds, the highest priority should be given to school districts with the least economic ability to meet their needs.

The Secretary of Health, Education, and Welfare, Marion B. Folsom, presented some rather interesting statistics concerning the school building program. This phase of education has been covered with political fog in recent months. Fortunately, the Secretary cut away the doubts, and came up with some constructive figures.

In the 1949–50 school year, he said, 36,000 classrooms were built in the country at a cost of about $1 billion. This last year the country built 67,000 classrooms at a cost of nearly $2,500,000,000. Yet this did not make a dent in the problem of overcrowding and obsolescence.

CLASSROOMS NEEDED

In the next 5 years, based on population trends, 210,000 new classrooms will be needed to keep up with the additional pupils who will crowd the schools. Another 80,000 units will be needed to relieve overcrowded conditions that already exist. And still another 180,000 classrooms will be needed to get rid of the obsolete buildings. This will make a total of 470,000 classrooms needed.

At the present rate of construction it is expected that the country will construct 410,000 classrooms. This will mean a shortage of 60,000. And here is where the Federal program enters the picture. The grants-in-aid from the Government are expected to provide funds for these classrooms.

Thus it can readily be seen the great bulk of the school-building financing will continue to come from the local and State authorities. This is in keeping with the administration policy of priming the States, but not replacing their responsibilities with Federal funds. The initiative, President Eisenhower stresses, must ever remain with the local communities.

Few would challenge that viewpoint. The proposals of the President appear to be both sound and practical. Even the former critics are now in President Eisenhower's corner. Typical of others is this statement by Dr. Worth McClure, executive secretary, American Association of School Administrators, a group that charged the President with playing politics last year:

"The President's message on school housing should bring hope to parents, teachers, and others concerned with the mounting threat to our public school system.

"I wish his proposal for grants to the States for school construction had carried a more nearly adequate amount. However, the amount will be fixed by the Congress anyway. Let us hope that the Congress, in its wisdom, will see fit to face the emergency and make realistic provision for it."

SEGREGATION QUESTION

Whether Congress will pass the measure, though, remains to be seen. The question of segregation may enter the picture, some of the educators warned. The belief has been expressed that States that do not conform with the Supreme Court ruling to desegregate should not get any of the proposed Federal funds. If that proviso enters the picture and gains support, the entire administration program is seriously endangered.

Some educators were unhappy about the limitations of the program. They would have wanted funds to go for the everyday operation of the schools, and for higher teacher salaries. But on the whole, the feeling is that the message went about as far as could be expected at this time.

[From the National Education Association News]

NATIONAL EDUCATION ASSOCIATION SUPPORTS NEW EISENHOWER EDUCATION PROPOSALS

WASHINGTON, D. C., January 14.—The National Education Association (NEA) today expressed general approval of the $1,250,000,000 school building program which President Eisenhower submitted to Congress on January 12.

NEA President J. Lester Buford praised the proposals. He noted that they are in line with the recommendations of the delegates to the recent White House Conference on Education and close to the long-time legislative program of increased Federal support for education advocated by NEA.

It was pointed out by Dr. Buford that the new proposals center around direct Federal grants totaling over a billion dollars in 5 years, with Federal bond buying and credit assistance included as supporting features.

"Aside from substantially increasing the amount of money suggested for grants," Dr. Buford stated that, "The significant major change from the 1955 Eisenhower plan is that now each section of the four-part program can be put into operation independently, or can be used in conjunction with the others."

Dr. Buford added: "The President's revised and broadened program will be especially heartening to the parents of nearly 1 million American children who are being deprived of full educational opportunities during the current school year. A report completed by the National Education Association only last week revealed that shortages of teachers and classrooms are continuing to squeeze children into understaffed, overcrowded, often obsolete school buildings on half or part-time schedules.

"A quarter-century of inadequate support for schools has now developed into an educational crisis. It is no longer a question of whether the Federal Government ought to act in this matter. The question is: How quickly can it act?"

ARTICLE BY DREW PEARSON REGARDING ROGUE RIVER NATIONAL FOREST

Mr. GOLDWATER. Mr. President, last week on the floor of the Senate I called the attention of this body to a number of errors Drew Pearson had made in reporting the Al Sarena case now being heard before a subcommittee of the Senate Interior and Insular Affairs Committee. Today I wish to invite the attention of the Senate to another of this irresponsible writer's efforts to smear the Secretary of the Interior and the Republican Party, only this effort cannot be called an error. It must carry the ugly and correct title of a lie.

Yesterday, January 26, there appeared in the Washington Post under the by-line of Mr. Pearson the following statement:

> Buried in the Senate Interior Committee files is an interesting letter, which was picked up when the Senate subpenaed the records of Secretary McKay.
>
> It's a letter from a friend of President Eisenhower addressed to him, asking that the Al Sarena section of the Rogue River National Forest be released to the McDonald family.
>
> Across the letter in his own handwriting President Eisenhower had scribbled "Dear Doug." Then followed a personal request from Ike to Doug to see what he could do about granting the Rogue River request.

Mr. President, at the subcommittee hearing yesterday, January 26, I asked committee counsel if such a letter were in the files of the committee. He said none existed. The same question was put to each of the staff members present, and the same negative answer was received. Under Secretary Davis on being questioned denied the existence of such a letter. House staff members voluntarily offered the information that their files contained no such letter.

Mr. President, it is clearly evident that no such letter exists. It is further obvious that Mr. Pearson will stop at nothing to further his efforts to smear the Secretary of the Interior and the Republican Party, but it is difficult for one accustomed as I am to his constant flow of inaccuracies and half truths to believe that he would stoop to a lie in an effort to smear the President of the United States; but his words convict him.

THE PRESIDENT'S HEALTH—NEWS LETTER FROM SENATOR NEUBERGER

Mr. GOLDWATER. Mr. President, I am very much pleased that the junior Senator from Oregon [Mr. NEUBERGER] has remained in the Chamber, because I did not wish to discuss the subject to which I am about to address myself in his absence.

Politics has never had the reputation of being a soft game. It is a hard one, and in an election year things are said intemperately, and personal feelings may be strained. We in politics expect that, and we have become accustomed to the rigors of politics. This year will be no exception to the established rule; but it is becoming obvious, from remarks made by certain members of the opposition, that the gutter might become the new level for their remarks.

In volume II, No. 1, of a newsletter to home, a remark was made by a Senator who has long associated himself with the highest ideals of politics. He has written extensively, and has spoken frequently to that point.

What has happened to make him change? Is the atmosphere of Washington so bad an influence? I hope it is not; and I hope that the Senator will not in the future infer that any member of the Republican Party would suggest the use of drugs by the President of the United States, as he did, when he said in his newsletter:

> There even exists the danger that panicky politicians in the President's entourage, more interested in their own ambitions than in the President's health, might try to have him propped up unwisely with drugs and other such aids, so that he could fulfill speaking and TV commitments, to the permanent detriment of his well-being—just to get by election day.

In order to be perfectly fair in this presentation, I ask unanimous consent that the portion of the newsletter under the heading "Why I Think the President Will Not Run Again" be printed in the RECORD at this point as a part of my remarks.

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

WHY I THINK THE PRESIDENT WILL NOT RUN AGAIN

Every day somebody from Oregon writes to ask whether I think President Eisenhower will run for reelection. Although I have no more information about this than the next person, it is my opinion the President does not intend to be a candidate in 1956.

I base this on one assumption. Much as I disagree with the President on many major issues, I have faith in his commonsense on so personal a matter as his own health. I doubt if he would want a presidential campaign to take place in which his physical well-being would dominate the other great questions facing our country and the world.

Yet, what if the President ran again, and a virus or infection struck him midway through the campaign? This, of course, can happen to anyone at any time. If the virus were severe enough to compel the President to cancel engagements and speeches, millions of Americans inevitably would assume he had been stricken seriously once more. That might decide the election then and there. There even exists the danger that panicky politicians in the President's entourage, more interested in their own ambitions than in the President's health, might try to have him propped up unwisely with drugs and other such aids so that he could fulfill speaking and TV commitments, to the permanent detriment of his well-being—just to get by election day.

This would be a tragic state of affairs, sad for Dwight Eisenhower and bad for the United States. I question whether the President will enter a campaign where the slightest illness or indisposition on his part could become an issue subordinating foreign policy, agriculture, resources, and all the problems which confront us. That is why I, with no inside sources of information to go on, still think those prophets wrong who predict the President will run again in 1956.

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

Mr. GOLDWATER. I yield.

Mr. NEUBERGER. I should like to say to the Senator from Arizona that I am happy he accepted my suggestion that the entire text of that part of the newsletter be printed in the CONGRESSIONAL RECORD. Anyone reading the text cannot help noting the friendly tone in which it is written. Indeed, if the Senator had read the entire letter on the floor, I believe Senators would have noted that I said in the letter I had great faith in the President's good commonsense concerning his own health and his relationship to the country.

The letter is so friendly, in my opinion, that I took the initiative—I believe it was either yesterday or the day before—of sending a copy of it to the President, so that he could read the full text of it. I sent it with a personal note expressing my good wishes toward him in the matter of his health.

I believe that the entire letter is justified by the fact alone that after the President, at the age of 65, has had a serious heart attack, there are people in his party all over the country who are urging him to run again in a strenuous campaign for a very exacting office.

I am a Democrat and the Senator from Arizona is a Republican, but in retrospect, now, I do not hesitate to say that I believe my party made a mistake in 1944 when Franklin D. Roosevelt was encouraged to run for a fourth term, even though President Roosevelt, to my knowledge, had had no warning of anything like a heart attack.

I believe the distinguished Senator from Arizona and I will just have to leave it to the future to see what happens. I have no inside information at all, even far less than the Senator from Arizona has, but it is my opinion that the President will not run for a second term.

Mr. GOLDWATER. Mr. President, the Senator from Oregon is entitled to his opinion as to whether or not the President will run again. I could not agree with him more about ex-President Roosevelt.

I agree with him also that the letter was written in a very friendly tone. However, I am not discussing the cordiality of the writing; I am discussing the fact that in the letter the junior Senator from Oregon suggested that drugs might be urged upon the President in order to enable him to feel that he should run or to enable him to make television appearances.

I believe that the junior Senator from Oregon, on proper reflection, will agree that that was a most improper remark to make, even though it was made in the heat of a political campaign.

I have tried to approach this discussion this morning—and I am sure the Senator has too—in a vein that will prevent this sort of thing happening in the future. There is no need to become acrimonious about it, although if the other side continues in that vein, I can assure them that we on this side of the aisle can get very bitter, too.

I do not like to be accused, as a member of my party, of going to a man who has been ill and saying to him, "Mr. President, maybe you had better take a shot in the arm."

Mr. NEUBERGER. Mr. President, I should like to say to the distinguished Senator from Arizona that I hope he and all the members of his party and all members of my party will approach and

discuss this question with the health of President Eisenhower and his future permanent health foremost in mind.

Mr. GOLDWATER. I might say, in closing, that probably there are just as many Democrats as Republicans in the country who are urging President Eisenhower to run, because universally the people of America recognize his worth.

Mr. LEHMAN obtained the floor.

Mr. KNOWLAND. Mr. President, will the Senator yield to me briefly?

Mr. LEHMAN. I am glad to yield to the distinguished minority leader.

Mr. KNOWLAND. Mr. President, I had not intended to discuss this subject, but it has come upon the floor of the Senate and I must, as a Member of the Senate, say that I was deeply shocked when I had called to my attention the newsletter of the distinguished junior Senator from Oregon [Mr. NEUBERGER].

I merely wish to say that I believe it casts a reflection on the President of the United States to say he would permit any such thing to be done. I believe it casts a reflection upon the integrity of the White House staff, to suggest they would urge that any such action would be taken. I believe it casts a reflection upon the integrity of the medical profession to say that a member of that honored profession would advise the President of the United States that any such course be taken.

I hope that in the heat of the campaign we will not have a repetition of this type of statement.

Mr. POTTER. Mr. President, will the Senator from New York yield on that point?

Mr. MAGNUSON. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator from Washington will state it.

Mr. MAGNUSON. Are we still in the morning hour?

The PRESIDENT pro tempore. The Senate is in the morning hour.

Mr. MAGNUSON. May those of us who have committee meetings transact routine business now?

The PRESIDENT pro tempore. Objection is heard.

BIRTHDAY ANNIVERSARY OF ALBERT GALLATIN, FORMER SECRETARY OF THE TREASURY

Mr. LEHMAN. Mr. President, Sunday, January 29, will be the anniversary of the birthday of the great Albert Gallatin, the Secretary of the Treasury, who assumed that office on May 14, 1801.

He was a Swiss by birth. Indeed, he still spoke English with a strong accent while he was abroad representing the United States as Minister to France and to England.

He was a great man, reflecting the highest traditions of democracy which he learned in his native Switzerland and which he acquired in the new republic of his choice, the United States. His statue stands at the entrance to the Treasury Building here in Washington.

I have prepared a statement commemorating the anniversary of his birth, and I ask unanimous consent that it be presented in the CONGRESSIONAL RECORD.

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

STATEMENT BY SENATOR LEHMAN

The name Albert Gallatin, besides bringing to mind our second and perhaps greatest Secretary of the Treasury, has always been for me the symbol of financial wisdom and integrity. His other roles as Senator, Congressman, Minister to France and England, president of the National Bank of New York City, and father of American ethnology only serve to reveal the breadth of service and interest of this multi-faceted genius. He was born 194 years ago tomorrow in Geneva, Switzerland, and emigrated to his adopted land at the age of 19. I would like today to pay tribute to his exceptional contributions to our country as a great Democrat, financier and builder of solid commercial relations with foreign lands.

Gallatin began to make his political weight felt in his early thirties when he helped redraft the Constitution of Pennsylvania to give due representation to the newly arrived immigrants. He had gone to that State to engage in real estate operations after a brief career in New England as businessman and teacher at Harvard. His outspoken opposition to the heavy internal tax policy of Hamilton during the presidency of John Adams sent Gallatin to Congress.

Although he was not to see taxes lowered until the administration of President Jefferson, Gallatin, as a young Congressman and intellectual leader of the Jeffersonian party in the House, did succeed in making the representatives of the people the custodians of Government spending. He founded and was first chairman of the House Ways and Means Committee, whose function it became to initiate Federal revenue bills.

After his appointment as Secretary of the Treasury by President Jefferson in 1801, he saw to it that tax collectors were appointed on the basis of fitness rather than patronage, and worked to liquidate the public debt and lower taxes. Unlike his predecessor Hamilton, Gallatin favored a system of yearly appropriations by Congress and curbs on his personal power as an executor of the will of Congress. Appropriations were to be for a calendar year and the unspent money would revert to the Treasury. Any other course, Gallatin contended, opened the path to corruption.

Honesty and integrity, plus a warm regard for the rights of average citizens, were the guideposts of this idealistic, yet thoroughly practical man.

In the wider sphere of international relations, the extension of trade, Gallatin held, was the key to progress and prosperity, just as commercial war was the enemy.

As a representative of the United States overseas, Gallatin served on a commission that negotiated the Treaty of Ghent with England that concluded the War of 1812. In 1818, he assisted United States Minister Richard Rush in London in concluding a commercial convention. In 1827, at the behest of John Quincy Adams, Gallatin as Minister to England, sent the problems of the delicate northeast boundary dispute with Britain to the King of Holland for arbitration. Had the Senate not rejected Gallatin's efforts in this arbitration, Maine would today be larger by several thousand square miles, for this issue was not to be settled—adversely for the United States—until 15 years later.

In New York City, from 1831 to 1839, Gallatin was president of the national bank which was to bear his name until 1912 when it was absorbed by the Hanover Bank.

Switzerland, the land of his birth, gave the illustrious immigrant the training in fundamentals (he distinguished himself as a scholar at Geneva Academy); while the young republic of America provided him with the opportunity to employ his vast talents in her development.

From time to time in the history of our country's commercial relations with other nations, sight is lost of the wise precepts of Gallatin. Errors in judgment, politically motivated, are often made. One such step backward was committed not long ago when a higher tariff was imposed on Swiss watch imports. This error was more recently compounded by the increased bicycle tariff. Our country's position as a reliable commercial partner has been senselessly and seriously weakened in the eyes of other nations.

But today, since Gallatin was born a Swiss, I would like to mention briefly the problem of trade as it concerns both his adopted and native lands. Since the bulk of the American watch importing industry is centered in my home State, I have a special interest in this matter.

The tariff increase not only hurts the Swiss, but, because of reduced imports, levies a serious threat to the livelihood off American importers, as well as the skilled assemblers who work for them and the wholesale and retail jewelers who sell the watches. The American consumer, whose interest Gallatin had always in mind, and for whom he worked to reduce taxes, is also adversely affected. We must pay more for our watches. Also, with fewer watches being brought in, revenues from import duties are not increased, but rather may actually decrease.

Both within and without my State, the manufacturers and farmers who send goods—for which they are paid in cash—to Switzerland, must view with alarm any attempt to weaken the purchasing power of America's best cash customer in Europe. For it is only reasonable that the Swiss, in shifting markets for their products to other areas, will buy their necessities increasingly from other nations.

Wise tariff policies in Gallatin's time proved to pay substantial dividends. There is to me no doubt that they will today. Let us honor the memory of a great American by looking again at his farsighted policies and adapting them to our present needs in a vastly shrunk and interdependent world.

EZRA T. BENSON, SECRETARY OF AGRICULTURE

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have the privilege of addressing the Senate for not more than 10 minutes.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Minnesota?

The Chair hears none, and the Senator may proceed.

Mr. HUMPHREY. Mr. President, I am sure that many of my colleagues will be interested in what I have to say, and I would appreciate their attention, if I may have it.

Some of my colleagues are aware of the fact that in past weeks I have been spending a little time reading publications. For instance, I read the January 16 issue of Life magazine with considerable interest. I am a subscriber to Harper's magazine, and I read with considerable interest an article appearing in the December issue. It was delayed reading, for I have been behind in my reading because of pressing duties in the Senate. However, I did read an article by John Fischer, entitled "The Country Slickers Take Us Again."

Listen, Mr. President, to what Mr. Fischer had to say, and then listen to what someone else had to say about it.

I shall quote only a few sentences, and then ask unanimous consent to have the entire article printed in the RECORD.

I read from the article:

Our pampered tyrant, the American farmer, is about to get his boots licked again by both political parties.

I read further from the article:

The record of recent elections indicates that the farmer is generally eager to sell his vote to the highest bidder, and that city people are too indifferent (or benumbed) to resent this legalized corruption, even when the bribe is lifted right out of their own pockets.

Another quotation:

When any hog keeps his jowls in the trough long enough, he gets to thinking he owns the trough.

Listen to this:

The ordinary Iowa farmer has a minimum of two new cars and they are usually brand new Buicks or Oldsmobiles or Cadillacs, These Iowa swinegrowers and steer fatteners are of course better off than many of their brethren in other States.

Listen to this quotation:

As a result, the individual farmer isn't much worse off—only about 5 percent—than he was at the peak of his scandalous wartime prosperity.

Listen to this:

The article says that Assistant Secretary Earl L. Butz contends that "too many people are trying to stay in agriculture."

Reading further:

That is the nub of the whole story—and politicians of both parties have been avoiding it for years. At least 40 million of our 350 million acres of cropland ought to be taken out of production. At least 1 million out of our 5½ million farm families ought to be nudged gradually off the land, and helped to find some useful occupation.

And, Mr. President, he gets better—or worse, I should say. The article goes on to say:

A grand-scale reshuffling of districts, both for Congress and the legislatures, seems to be the only long-range remedy. That will require something akin to an insurrection by the long-swindled city voters—followed by years of patient log-rolling and political maneuver. We can make a start next November, however, by throwing eggs at every candidate who poses as the Farmer's Friend. That will help get rid of one surplus, and a lot of political hypocrisy at the same time.

Mr. President, I ask unanimous consent that this nefarious—no, I withdraw the word "nefarious," and will say this injudicious article—be printed in its full text in the body of the RECORD at this point in my remarks.

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

THE COUNTRY SLICKERS TAKE US AGAIN

(By John Fischer)

Our pampered tyrant, the American farmer, is about to get his boots licked again by both political parties.

Before next November's elections, Democrats and Republicans alike will be groveling all over the barnyard as they court the country vote—but the Democratic antics will be the most embarrassing. Nearly all Democratic politicians are now convinced that the farmers offer the largest single block of detachable votes—and many seem willing to use almost any tool of demagoguery which promises to pry it loose from the Republican grasp.

So when Congress opens up for business next month, the Democrats will set up a pious, baritone moan about the wretched plight of American agriculture. They will pass a farm-relief bill, loaded till its axles creak with rigid price supports, loans, conservation payments, and other shabbily disguised subsidies. Then they will pray for the President to veto it. Quite possibly he will have the courage and honesty to do just that—and Democratic Congressmen will then be sure that they have the farm vote in a gunny sack.

This cynicism is probably justified. The record of recent elections indicates that the farmer is generally eager to sell his vote to the highest bidder, and that city people are too indifferent (or benumbed) to resent this legalized corruption, even when the bribe is lifted right out of their own pockets. But don't blame the politicians for this record. They didn't make it. We did—all of us.

Our only excuse is that for 20 years—from 1920 until 1940—the farmers were in pretty bad shape. During these decades, city people got in the habit of giving them handouts, and haven't yet discovered that times have changed. The farmer not only got in the habit of accepting his dole; he came to believe that it belonged to him permanently, as a matter of right. When any hog keeps his jowls in the trough long enough, he gets to thinking he owns the trough.

Just how rugged is the farmer's plight today?

You should have such a plight.

When Harrison Salisbury, of the New York Times, traveled through the Middle West last summer, he reported that "the ordinary Iowa farmer * * * has a minimum of two new cars and they are usually brand new Buicks or Oldsmobiles or Cadillacs." These Iowa swine growers and steer fatteners are of course better off than many of their brethren in other States. Still, the average farm family, taken the country over, has assets totaling about $22,000.

It is true that the slice of the national income which goes to agriculture has shrunk in the last 4 years—that is what the moaning is all about—but the farm population has dwindled too. As a result, the individual farmer isn't much worse off—only about 5 percent—than he was at the peak of his scandalous wartime prosperity.

Everybody knows that it is the taxpayer who keeps the farmers (or rather, a favored group of them) living in clover and Cadillacs; but even the taxpayer seldom realizes how much it is costing him. The Treasury spent nearly $3 billion during the last fiscal year to support farm prices—but that was just the beginning. The scheme is rigged to nick the taxpayer twice; once when he pays to take surplus crops off the market, thus propping up prices; and again when he has to pay these artificial prices at the grocery store.

If you complain, the farmer—or rather the highly skilled lobbyists who front for him in Washington—have a plausible answer:

"Why shouldn't I get a subsidy, when nearly everybody else does? Look at the airlines, the steamship companies, the manufacturers with their tariffs—all getting fat at the taxpayer's expense. That has become the American way of life."

But there is a catch to this argument. The other subsidized industries are producing something that we need or, at least, can use. The farmers are being subsidized to produce millions of tons of things—cotton, wheat, rice, butter, and so on—which we don't need, can't possibly use, and can't even give away.

The Government has "invested" $7 billion to hide these useless crops away in dead storage. Wheat, for example, almost a billion bushels of it, is now overflowing from every grain elevator in the country—stored in old Liberty ships tied up as floating warehouses, heaped in long yellow mounds on the bare ground all through the Southwest. Nobody wants it, because wheat is in mountainous surplus the world over. Yet Washington is encouraging the farmers to plant still more, and promising to take it off their hands at a guaranteed high price.

Who gets the money?

Not the needy farmers. There are some of them—about 1½ million families whose acreage produces less than $1,000 a year. If the Federal bounty went to them, maybe it could be justified as sheer charity. In fact, relatively little of this river of greenbacks ever trickles in their direction.

The big subsidies go to the big farmers, such as the Delta Pine & Land Co., of Scott, Miss. It has $1,292,472 worth of cotton "under loan" to the Government. ("Loan" is part of the elaborate semantics used by the farm lobbyists to conceal the real nature of these subsidies. "Pawn" would be more accurate, since the Government is going to keep the cotton and the farmer the money. Nobody even pretends that these "loans" will ever be paid off.)

The Chandler Co., of Saragosa, Tex., is into the Treasury for $814,000 worth of cotton. Senator HOMER E. CAPEHART, farmer, of Indiana, is on the records for a $21,742 wheat loan. Adams Bros. & Co., of Odebolt, Iowa, got $179,127. The Louisiana Irrigation & Mill Co., of Crowley, La., turned its surplus rice over to the taxpayer for $486,727.

The list runs on for page after alarming page. What it shows is that the big helpings of Government gravy are going to about 2 million farmers—many of them corporations—who grow 85 percent of the total farm output. They operate a little more than a third of the farms. Yet they form the most powerful vested interest in the American economy. Since they dug into their positions of special privilege during Democratic administrations, Mr. Truman does not sound entirely convincing when he describes the Eisenhower regime as "a special privilege government."

In fact, Secretary of Agriculture Ezra Taft Benson has made a few gingerly efforts to bring a little sense back into our farm economy. Whereupon Democratic Congressmen, and some Republicans, promptly denounced him as a callous-hearted ogre. They pounced with even more indecent glee on one of his understrappers, Assistant Secretary Earl L. Butz, who was indiscreet enough to blurt out the truth.

"Too many people are trying to stay in agriculture," Butz said.

That is the nub of the whole story—and politicians of both parties have been avoiding it for years. At least 40 million of our 350 million acres of cropland ought to be taken out of production. At least 1 million out of our 5½ million farm families ought to be nudged gradually off the land, and helped to find some useful occupation.

One respected economist, Ross D. Robertson, of the St. Louis Federal Reserve Bank, goes much further. He suggests that "it is not inconceivable that 5 percent of the work force could produce all the farm products which the United States and a part of the rest of the world would take at profitable prices." If he is right, we could get along with less than half of the people we are now supporting in agriculture.

The explanation is that during the past 20 years farming has undergone a more sweeping technological revolution than anything industry has yet seen. New machinery, new fertilizers, new varieties of hybrid seed, new pest killers, new techniques have caused an astronomical rise in output, per man and per acre. Elementary commonsense, then, would suggest that the unneeded people ought to be shifted into other job, and the unneeded acres into better uses—notably timber and grass.

Our present farm policy, of course, works in precisely the opposite direction. It tends

to freeze both manpower and resources into their present obsolete and wasteful patterns. Moreover, the nostrum favored by most Democratic Congressmen—higher and even less flexible farm supports—would merely freeze these patterns higher still.

Why is it that any word of commonsense about farm problems is such political dynamite? Fundamentally, because our whole political structure, on every level, is stacked in favor of the farmer. North Dakota with its 680,000 people (mostly farmers) elects just as many Senators as New York with its 12 million (mostly city folks). Many a rural Congressman represents only one-half to one-fourth as many voters as his colleagues from city districts. In like fashion, nearly every State legislature is rigged to give an outrageously oversized representation to the country districts. (The political boundaries were drawn years ago, before the cities grew up; they can be changed only by legislative action; and the cornfed statesmen don't like to vote themselves out.)

A grand-scale reshuffling of districts, both for Congress and the legislatures, seems to be the only long-range remedy. That will require something akin to an insurrection by the long-swindled city voters—followed by years of patient log-rolling and political maneuver. We can make a start next November, however, by throwing eggs at every candidate who poses as the farmer's friend. That will help get rid of one surplus, and a lot of political hypocrisy at the same time.

By way of footnote, it might be well to add that the writer of these churlish lines is not merely an exasperated city taxpayer. He is that, all right. But he also comes from a farming family, grew up in farming communities, did a certain amount of farm work himself, owns an interest in farm property, and benefits from farm subsidies which he has done nothing to deserve. This is worth mentioning only because it suggests that there may be other people with a financial stake in our present ridiculous farming system—perhaps more than anybody suspects—who are ready for a change in the direction of sanity.

Mr. MORSE. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. MORSE. I would substitute for "injudicious" the word "nefarious."

Mr. HUMPHREY. The article is outrageous. It is designed to set city worker and city dweller against country worker and country dweller. But the author has a right to state his own views, and is entitled to a full expression of his views, wrong though they may be—and those views are, to my mind, unbelievably and incredibly wrong.

Mr. President, in the February issue of Harper's magazine which I hold in my hand, among letters to the editor appears a letter which I now read. Listen to this:

> I have read the article by John Fischer in the December issue of Harpers, with a great deal of interest. It is excellent.

It is signed "Ezra T. Benson, Secretary of Agriculture, Washington, D. C."

Now, Mr. President, Mr. Benson's letter to the editor is not only injudicious; it is another example of the Eisenhower Cabinet getting into print when it ought not to be, but, worse than that, this letter is an insult to every farmer in America. This man should be fired—now—this afternoon.

Mr. President, when the Secretary of Agriculture, as the farmers' spokesman, can endorse statements such as "scandalous wartime prosperity"; when he can endorse statements about farmers such as this: "When any hog keeps his jowls in the trough long enough, he gets to thinking he owns the trough"; when any Secretary of Agriculture can call the farm program "legalized corruption"; when a Secretary of Agriculture can recommend and endorse—not just endorse, but say that such a statement as that the people should stand and throw eggs at Members of Congress, is excellent——

Mr. DOUGLAS. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. DOUGLAS. I rise in defense of Secretary Benson.

Mr. HUMPHREY. I appreciate that.

Mr. DOUGLAS. Is it not true that Mr. Benson, in adopting the policy he has espoused, is merely voicing the opinions and policies of the present administration?

Mr. HUMPHREY. That happens to be my conviction.

Mr. DOUGLAS. Then why not center the responsibility where it belongs, and not make Mr. Benson the whipping boy?

Mr. HUMPHREY. I said, first of all, that the administration should fire Mr. Benson, but I did not get around to the latter part of my thought, which is that what we need is a new administration.

Mr. MORSE. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. MORSE. Does the Senator have any suspicion or reason to believe that the letter attributed to the Secretary of Agriculture, which he has just read, may be a forgery? Does the Senator believe it is an authentic letter? I cannot believe it could be authentic.

Mr. HUMPHREY. I would not imagine that Harpers magazine would print a letter with the name of Ezra T. Benson, Secretary of Agriculture, Washington, D. C., signed, without being sure it had a genuine letter.

Mr. MORSE. I think that is a reasonable presumption, but I wish to say, frankly, that I am at a loss to understand how the Secretary of Agriculture could write that letter, if he did write it. I have always considered him a very shortsighted reactionary, but I never believed he would supply us with evidence that he would be just a plain fool.

Mr. HUMPHREY. Mr. President, if the Secretary of Agriculture did not write that letter, I shall be the first to stand on this floor and apologize. I want the Secretary to know that. But I shall not accept the excuse that "someone in my office wrote it, and I signed it, but I did not know about it."

Mr. MANSFIELD. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. MANSFIELD. Mr. Benson has been Secretary of Agriculture for 3 years, has he not?

Mr. HUMPHREY. That is correct.

Mr. MANSFIELD. How much have agricultural prices declined during his stewardship?

Mr. HUMPHREY. Approximately 20 percent.

Mr. MANSFIELD. Does he believe in parity?

Mr. HUMPHREY. His chief said he did.

Mr. MANSFIELD. Mr. Benson has become quite proficient in speaking out of both sides of his mouth, with one exception, and that is that he is obdurate so far as flexible price supports are concerned. I hope he will come out soon with at least a 90 percent parity bill.

Mr. HUMPHREY. Let me state my exact purpose, in making these remarks. I did not come to the floor in a trick play with these magazine articles. I read them to members of the committee before I came here, and I was not exactly in a kindly attitude when I read them. My friends on the other side will undoubtedly speak for themselves, but I will say in their behalf that they were indignant and upset. They could not believe that this had happened, but it has happened. It explains what I have repeatedly said is the attitude of the Secretary toward the farm programs. He has made statement after statement in behalf of the administration which indicated that he was not going to administer the programs as they should be administered.

The PRESIDENT pro tempore. The time of the Senator from Minnesota has expired.

Mr. KUCHEL. Mr. President——

Mr. DOUGLAS. Mr. President, I ask unanimous consent that the time of the Senator from Minnesota may be extended 5 minutes.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the Senator from Minnesota is recognized for an additional 5 minutes.

Mr. HUMPHREY. I wish particularly to thank the junior Senator from California [Mr. KUCHEL], who is seeking the floor. He is always courteous and considerate. I shall be glad to reciprocate his kindness.

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

Mr. HUMPHREY. I yield.

Mr. SYMINGTON. Did the Senator from Minnesota happen to see the television program last night on which the Secretary of Agriculture appeared?

Mr. HUMPHREY. I regret that I did not. I was at a dinner last night, given in behalf of our colleague, the senior Senator from Oregon [Mr. MORSE], where I heard delivered by our friend, Senator MORSE, one of the most brilliant addresses I have ever heard. Therefore, I was unable to see the television broadcast. I should also say that the senior Senator from Oregon was the recipient of the Sidney Hillman award, a singular honor.

Mr. SYMINGTON. I am certain it was a notable occasion, one worthy of the great senior Senator from Oregon.

In the broadcast to which I referred, the Secretary of Agriculture mentioned that at the time he took office, he was much worried about the fall in farm prices which had been in progress during the years prior to his taking office. Does the Senator from Minnesota know that in July 1955 the Secretary of Agriculture said in my State he was happy with the prosperity of the American farmer?

Mr. HUMPHREY. I was not aware of that statement. I am very glad to get this information. I am aware that an

economist of the Department of Agriculture, speaking in one of the New England States, I believe it was Massachusetts, reminded the American people, particularly the farmers, that the farmers had been living in a dream world in 1951, and could never expect to return to it.

Of course, other people were living in a nice dream world in 1951. This administration does not want farmers to have dreams; it wants them to have nightmares.

Mr. SYMINGTON. Mr. President, will the Senator yield for another question?

Mr. HUMPHREY. I yield.

Mr. SYMINGTON. How can the people of the cities be swindled when, according to a group of figures I have seen, labor has increased its return 14 percent; corporations have increased their earnings 18 percent before taxes, and 32 percent after taxes; while the income of the farmer in the same 3-year period has been reduced around 20 percent? How can it be said that the town and city people, laboring people, or business people, are being swindled? I am glad the latter groups received increased incomes. Incidentally, the stock-market values have increased some 50 percent in the last 3-year period. Some of those people say, "How can Mr. Benson approve anyone saying these people have been swindled by American farmers."

Mr. HUMPHREY. The Senator's figures are self-revealing in terms of what the truth is.

I disagree completely with the article by Mr. Fischer. I do not intend to attack Mr. Fischer. He has a right to his point of view. I will debate the farm question with Mr. Fischer as an individual. But I think it is fair to expect that a man who is the head of a department and who was appointed by a President who said he wanted to see the farmers get 100 percent of parity—I think it is fair to expect that such a Secretary would not endorse this article, and certainly would not say that it was excellent.

It seems to me that what the Secretary should have done was to have demanded equal space in Harpers and to have answered the article, as he did on Ed Murrow's show last night.

Is it not interesting that when there was something favorable for the farmer, as has been reported to me from Mr. Murrow's show, Mr. Benson wants to answer it? I did not hear that Mr. Benson wanted to answer the article in Harpers magazine. If Mr. Benson does not have time to answer it, perhaps it can be answered by the White House.

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

Mr. HUMPHREY. I yield.

Mr. MORSE. I am asking for information. As the Senator from Minnesota knows, one of the alibis of Secretary Benson has been that he has been unable to place the flexible Benson price-support program into operation as yet because he inherited a high-support program. Am I correct in my understanding that, since Benson has been Secretary of Agriculture, in the case of every commodity over which the Department of Agriculture has had jurisdiction, it has lowered the parity price, with the exception of the price of wool; and that in the case of wool, Congress passed a wool bill? Then, just 2 days before the President's state of the Union message, in which the President made his comment about agriculture, the Department of Agriculture lowered the parity price on rice? Is that true or false?

Mr. HUMPHREY. The Senator from Oregon is correct.

Mr. MORSE. It is to be noted that the wool bill adopted in principle for wool the Brannan plan.

I think the time has come to make clear to the people of the country that Benson does not tell them the facts about whether or not he has been putting the flexible price-support program into effect. He has been putting it into effect on every commodity over which he has had jurisdiction, and the purchasing power of the American farmer has been going down ever since he took office as a result of his program. His policies have been to the detriment of the American farmer.

I think the time has come to go after Secretary Benson for what he has done to American agriculture, and to make clear to Americans that he is America's No. 1 economic enemy, both to the farmers and to the economy as a whole.

Mr. HUMPHREY. I was interested in the comments of the minority leader, when he said he was deeply shocked by the comments of the junior Senator from Oregon. I wonder if the minority leader is deeply shocked by the letter of the Secretary of Agriculture.

I observe that a very good friend of agriculture has just come to the floor, the distinguished junior Senator from North Dakota [Mr. YOUNG]. The Senator from North Dakota and I had an opportunity to look at this article together. I shall not speak for the Senator from North Dakota, but I may say that as I read the article, I wished that I had followed his lead when he voted against the confirmation of Benson's nomination. The junior Senator from North Dakota is one of the Senators in the chamber today having good sense about agriculture.

Mr. YOUNG. Mr. President——

The PRESIDENT pro tempore. The Senator from North Dakota is recognized, under the rule, for 2 minutes.

Mr. YOUNG. I think the article which appeared in Harper's magazine is one of the most untrue, unfair, and dastardly articles ever written against the farmers of the United States. If it is true that Secretary of Agriculture Benson signed the letter, in which he said he read the article and approved it, I think he ought to resign immediately and to apologize to the farmers of America.

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

Mr. YOUNG. I yield.

Mr. CASE of South Dakota. I, too, read the article bearing the initials of Mr. Fischer in the December issue of Harper's. I, also, was among those who were angered by it. I think it was entirely uncalled for.

I am shocked, if what now purports to be a letter praising the article by the Secretary of Agriculture was written by him, and if it is the entire letter as signed by him. I have some doubts on that score.

Mr. YOUNG. I may say that I have, too.

Mr. CASE of South Dakota. At present I have a call in for the Secretary at his office. A search is being made to determine whether or not this is an authentic letter, whether or not the Secretary signed it, and whether or not the letter was printed in full. If the facts are as Harper's would make them appear to be, Mr. Benson has ended his usefulness as Secretary of Agriculture.

Mr. HUMPHREY. Mr. President, will the Senator from North Dakota yield?

Mr. YOUNG. I yield.

Mr. HUMPHREY. Would it be appropriate if the junior Senator from Minnesota should communicate with Harper's to see if they have the letter?

Mr. YOUNG. Yes; it would be.

Mr. HUMPHREY. I shall do so immediately.

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

Mr. YOUNG. I yield.

Mr. MORSE. I think the Senator from South Dakota [Mr. CASE] has raised an important point, one which I raised in a question in my earlier remarks. We ought to know whether or not Benson signed the letter. The presumption is that he did, but certainly we should know whether it is a forgery.

Mr. KUCHEL. Mr. President——

The PRESIDENT pro tempore. The Chair reminds the Senator from California that the Senate is operating under the 2-minute rule.

Mr. KUCHEL. I ask unanimous consent that I may speak for not to exceed 10 minutes.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the Senator from California is recognized for 10 minutes.

Mr. KUCHEL. My only purpose in rising to speak very briefly is to refute some of the statements which have been made by a few of my brethren on the other side of the aisle with respect to agricultural legislation. I do not speak as an expert on that subject. Indeed, on the one, single occasion during my short tenure in the Senate when a major piece of agriculture legislation was before the Senate, I cast my vote as an American rather than as a partisan. So did the Senate of the United States. That one, single occasion was when the Senate had before it the question whether the Senate should continue rigid price supports or should adopt flexible price supports.

To those of my brethren who have spoken during the last few minutes, and who have denounced the administration because it has followed a policy of urging flexibile price support legislation, I wish to recall now, that in 1948 the Democratic Party publicly promised the people of America that it would advocate flexible price support legislation in the next session of Congress.

It did that, and, to the credit of then President Truman, he followed his platform and he urged flexible price support legislation. But the Congress of the United States, which convened after the 1948 election, turned it down.

Two years later the incoming President of the United States asked Congress to adopt flexible price support legislation. During debate in the Senate, I sat, and listened to flexible price support legislation being persuasively advocated, not alone by Senate Republicans, but also by Senate Democrats, and particularly by one individual on the Democratic side of the aisle who is highly qualified to speak on agriculture. I refer to the distinguished junior Senator from New Mexico [Mr. ANDERSON], who was Secretary of Agriculture in the Cabinet of President Truman. CLINTON ANDERSON, Democrat, and GEORGE AIKEN, Republican, led the fight for the Eisenhower proposal.

When I voted in favor of flexible price support legislation, I did it as an American. I think it ill becomes some few Members of the Senate to denounce the Secretary of Agriculture.

I believe the senior Senator from Oregon called Mr. Benson "a fool" during his comments of a few moments ago. I deny that. Whatever else can be said, I am sure the Secretary of Agriculture is a man of honor and integrity, and is a man who is doing his level best to give assistance in the acknowledged plight of the farmer in the American economy today. And he is doing it under a law which Democrats helped to pass and which they used as a national pledge a few years ago.

That is all I have to say, Mr. President.

The PRESIDENT pro tempore. Is there further morning business?

Mr. ALLOTT. Mr. President, I ask unanimous consent to speak for 5 minutes on the subject of agriculture.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Colorado? The Chair hears none. The Senator is recognized for 5 minutes.

Mr. ALLOTT. Mr. President, I should like to address myself to the same subject which has been so vehemently discussed here in the last few minutes. I should like to call the attention of my colleagues on the Senate floor to a few inescapable facts which cannot be avoided in a discussion of this controversy.

Let us take a look at the record of farm prices in this country. Under President Roosevelt, from March 1937 to August 1939, farm prices fell 35 percent in 29 months.

Under President Truman, from January 1948 to January 1950, they fell 22 percent in 24 months.

Under President Truman, from March 1951 to December 1952, they fell 16 percent in 21 months.

In other words, under those 3 Democrat Presidents farm prices fell 35, 22, and 16 percent, or a total of 73 percent, in that period of time.

Last summer, in a discussion of the matter on the floor of the Senate, the very distinguished Senator who is chairman of the Committee on Agriculture and Forestry talked about approaching the agricultural problem from a nonpolitical viewpoint. At that time, as the junior Senator from Colorado, I seconded that thought. And I say to my colleagues in the Senate today that the sooner some of the intemperate remarks being broadcast over the country cease the sooner will we be able to take care of this great minority of our citizens, who now total only 13 percent of our population, but whose welfare is so vital to the welfare of the whole country.

Last spring 16 Senators joined with me in the introduction of a bill affecting farm credit. From all over the country, letters have come into my office pointing out the necessity of an expanded form of farm credit. Never have I taken a position with respect to this matter that was arbitrary. Every week last year I importuned the chairman of the Committee on Agriculture and Forestry, and the chairman of the subcommittee concerned, for a hearing upon the bill to which I referred.

Other bills for credit to the farmer are now pending in this body. They should be considered. They need to be considered. They have a right to be considered.

Now is the time when we, in this agricultural situation, may show the difference between having a partisan interest in what happens and having a true interest in the welfare of the farmer.

The few statistics which I have quoted could be backed up with many others. The statement has been made that the wool bill is the Brannan plan. I disagree. It is the pattern of the Sugar Act. It is patterned after the Sugar Act, and it was so intended.

So it seems to me that today we who really have an interest in the welfare of the farmer should devote ourselves to a judicial hearing and consideration of how we are going to help the farmer, rather than indulge in name calling and blame placing.

Mr. AIKEN subsequently said: Mr. President, I understand that early in the session this afternoon, while I was still in a session of the Committee on Agriculture and Forestry, there was considerable discussion with respect to a letter which the Secretary of Agriculture is purported to have written to Harper's magazine, relative to an article which appeared in the December issue of that magazine.

When I learned that the discussion had taken place I promptly communicated with the Secretary's office. I found that such a letter does exist; and that the Secretary assumes full responsibility for the letter and its contents.

This is thoroughly in keeping with the customary honesty of the man. However, I insisted upon learning the facts relative to the communication.

I find that the publisher of Harper's magazine did send an article to the Secretary, with an accompanying letter stating that he thought that he would like to have it.

The letter from the publisher was handled in a routine manner, like thousands of others which come to the Secretary's desk every week.

It appears that the reply in acknowledgment was prepared by one of the girl secretaries of one of the agencies connected with the Secretary's office.

It appears that then, in routine manner, the Secretary's signature was affixed by another clerk, and away went the letter, with the consequent uproar.

I know for a fact—and I obtained this information after insistence—that the Secretary did not see the article. He did not see the letter accompanying it. He did not see or sign the letter which has caused all the commotion here.

However, as I have said, he does assume responsibility for it, just as, in previous cases, he has assumed responsibility when employees of the Department have made mistakes.

Technically he is responsible for the thousands of letters which go out of the Department over his signature just as the head of every other department is responsible for what goes out of his department.

The article in Harper's magazine was entirely out of keeping with the character of the Secretary. I know positively that if he had had any inkling that such an article existed, or that such a commendatory letter was being sent out over his signature, he would never have permitted it to be done.

Mr. HUMPHREY subsequently said: Mr. President, I understand that during my absence from the Chamber this afternoon, while I was attending to other matters, the distinguished senior Senator from Vermont [Mr. AIKEN] made comment regarding the letter which was sent by the Secretary of Argiculture to Harper's magazine, such letter having been published in the February issue of Harper's magazine.

The letter, of course, refers to the article in Harper's magazine for December entitled "The Country Slickers Take Us Again." I notice that the comment of the distinguished Senator from Vermont indicates that he has been in touch with the Secretary's office. I also note that the Secretary assumes full responsibility for the letter and its contents. The Senator from Vermont further stated that "this is thoroughly in keeping with the customary honesty of the man."

I notice that the Senator from Vermont stated the letter was a reply in the form of an acknowledgment, allegedly prepared by one of the girl secretaries of one of the agencies connected with the Secretary's office. The Senator from Vermont further stated that after the letter was prepared, the Secretary's signature was affixed by another clerk in a rather routine manner, "and away went the letter, with the consequent uproar."

I accept the explanation of the Senator from Vermont, because I have a high regard for him. However, I wish to say that when the Secretary of Agriculture permits his signature to be affixed to a document, he ought to have the people who prepare such letters and documents state what the views of the Secretary are. I gather that that is the kind of people he has in his office. That is the kind of people I have in my office. It is that caliber of people every Senator has in his office.

I have noticed a tendency in the administration, when anything goes wrong, to say it is someone else who is responsible. Well, Mr. President, that may be fine. However, if a person wants to take credit for the rain, he must also take the blame for the drought.

I notice that when I commented on the Life magazine article, the President of the United States said he had not read the article. At first Mr. Dulles said he had not read it. Now we find that the Secretary of Agriculture had not read this article.

However, I would have the Senate note that in the Secretary's reply—and he assumes full responsibility for the reply—he says, "I have read the article." I would gather that that means what I was taught those words to mean, namely, that he had read the article.

Furthermore, Harper's magazine informs us, through the press services this afternoon, that all of the letter was not quoted, and that there was yet another paragraph, which reads:

Please accept my thanks for sending the article to me, and please convey my thanks to Mr. Fischer for a job well done.

That second paragraph indicates that the article was not sent to a secretary in Mr. Benson's office, but to Mr. Benson himself. It is not unusual for those of us who are in public life to have members of our staff prepare our replies, but it is generally assumed—and I would hope this assumption had validity—that those replies carry out the wishes and feelings and convictions and policies of the people for whom the letters are prepared for signature, namely, the principals involved.

The principal in this instance is the Secretary of Agriculture.

In order that the RECORD may be complete at this point, at least, I should like to say that there is another press service dispatch, apparently out of New York, deaing with this subject. I should like to read it now. It was taken from the ticker in the lobby of the Senate. It reads:

In New York, Fischer—

He is the editor of Harper's magazine—

said the letter was written on a Department of Agriculture letterhead and he had no reason to doubt the authenticity of the signature.

Fischer said that before publication of the article, "I sent a copy to the Information Office of the Department of Agriculture and asked them to check the accuracy of the statistics." He said, the Information Office "told me the statistics were correct, without assuming responsibility for any expressions of opinion."

I digress to point out, first of all, that the article was sent to the Office of Information of the Department of Agriculture. That Office is under the direction of the Secretary, and under the immediate direction of a person appointed by the Secretary. It is to be assumed that the Office is responsible to the Secretary of Agriculture. I continue to quote from the press release:

He—

Meaning Mr. Fischer—

said that, as a purely routine matter, a page proof of the article was sent to Benson, a day or two before publication, by H. A. Knowles, of Philadelphia, who handles publicity for Harper's. The Benson letter, published among the Letters to the Editor in the magazine, was Benson's acknowledgment to Knowles.

Mr. President, I know there will be those who will say that we are making a rather big issue out of what somebody might call, in rationalization, a minor matter.

I submit to my colleagues that the article to which the letter was directed in terms of compliment and approval, and even to the point where it was called a job well done, is an article that condemns in the most vigorous terms our agricultural policies.

It is an article which is anything but complimentary to our farmers. It is an article which portrays the farmers of America as ingrates, or people on a perpetual dole. It is an article designed to set city people against country people. I have been of the opinion for some time that there was far too much of that kind of propaganda emanating out of the Department of Agriculture.

It is for those reasons that I take sharp exception.

It is reassuring, of course, to have the Secretary of Agriculture say that he takes full responsibility for the article. That is what a man would say. Mr. Benson is a man of courage. I happen to believe that he is a man of poor judgment in matters of agricultural policy, and, in this instance, of poor judgment in terms of correspondence.

Mr. President, I should like to say one final word. I had expected that there would be some effort made to rationalize this unfortunate and, I am sure, not inadvertent act on the part of the Secretary of Agriculture. I indicated as much at the time of my original presentation in the Senate.

I must say that there have been other speeches made in the past 3 years which gave inspiration and, I imagine, some encouragement to the publication of the article in Harper's magazine to which I referred. Too many letters come to Members of Congress which carry the same kind of what I would call prejudicial information and messages. I do not believe any Member of Congress on either side of the aisle will wish to endorse the Secretary's letter to Harper's.

I invite my friends on the other side of the aisle to testify to whether they approve of the Secretary's letter, which approved of the article as being an excellent one and as a job well done.

I believe the American people have a right to know whether their representatives in Congress—Senators and Representatives—feel that the article was worthy of this kind of attention. It appears to me that what the Secretary should have done was to write to the editor and challenge the article. If there were the right kind of philosophy in the Department of Agriculture, from the top down, his secretarial staff, who are his appointees, would have intercepted the article and proceeded at once to write a vigorous reply.

As I said earlier, the Secretary has demanded equal time to answer Mr. Murrow for what was said on Mr. Murrow's TV show last evening, even though the Secretary was permitted to speak for 5 minutes on that show.

I wonder why the Secretary should become so excited about a television show which did not seem to please him, and yet should wait 2 months before he even indicated anything about the Harper's magazine article.

There would not have been any indication of interest in the Harper's article if I had not stood on the floor this afternoon and challenged it, or challenged the Secretary for what he did. I suggest that, if Mr. Benson gets an hour on TV, instead of trying to answer the splendid portrayal, according to those who saw it, by Mr. Murrow, he answer the Harper's article. I am confident that Mr. Fischer, who is a competent journalist, will give him plenty of space to answer the article if such space is requested. Harper's believes in freedom of the press.

I wish the RECORD to be clear that, while I disagree with the content of the article and with the intent and the general philosophy of Mr. Fischer, I do not disagree with his right to write it or to state it. Do not tell me that the Department of Agriculture did not know that the publication contained this article. Do not tell me that the Secretary of Agriculture did not read the article in Life magazine some time ago which indicated the same kind of thinking. Yet, when someone goes on the radio or on television and points out what is really happening to our farm families, the Secretary wants to have time to reply. But if someone writes an article that distorts and paints an improper picture of the situation, the Secretary does not reply.

It is rather difficult to write an article about agriculture from 49th Street in New York. The largest patch of ground in New York is Central Park, and that is not cultivated for commercial purposes.

So, Mr. President, I say very frankly that the Secretary should set this matter right first and let Mr. Murrow's program continue on in the interest of the people.

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

Mr. HUMPHREY. I yield.

Mr. LONG. Do I correctly understand that the article which the Senator is discussing cast a very unfavorable reflection upon the farmers?

Mr. HUMPHREY. If the people of Louisiana read this article and know that Mr. Benson said it was an excellent one, and a job well done, I think the Senator from Louisiana will have trouble restraining them from marching on Washington.

I should like to ask the Senator whether he thinks, from reading this particular article, that it correctly portrays what is happening to the farm people in Louisiana. Listen to this:

Our pampered tyrant, the American farmer, is about to get his boots licked again by both political parties.

Does the Senator think the farmers are pampered?

Mr. LONG. Many of them are going broke, if they are pampered tyrants. I imagine they are willing to give up their farming activities, because they cannot make a living, or at least many of them cannot.

Mr. HUMPHREY. The article also states that the farmer has come to believe that the dole belongs to him permanently, as a matter of right, and it also says:

When any hog keeps his jowls in the trough long enough, he gets to thinking he owns the trough.

Is that a correct characterization of the farmer?

Mr. LONG. So far from defending himself against a statement by Mr. Murrow, the Secretary should be defending the farm families and not be congratulating Mr. Fischer upon the good job that had been done.

Mr. HUMPHREY. The Senator is correct. If someone will go out and get a copy of the United States Code he will find the public law which established the Department of Agriculture, and it will be found that it provides that the Secretary shall protect and promote the interests of agriculture.

We have had plenty of periodicals lately. I do not know which department will take on the next magazine article, but I suggest that there is nothing in any public law which I can recall, or in any constitutional provision, that says we are supposed to increase the circulation of magazines or approve of their articles, particularly when they are derogatory.

I think my colleagues will be interested to know why the Secretary thought it was an excellent piece and a job well done, when the article further says:

> A grand-scale reshuffling of districts, both for Congress and the legislatures, seems to be the only long-range remedy.

And it goes on to suggest the throwing of eggs at every candidate who poses as the farmer's friend.

I am sure there will be a few eggs that will spatter on some of our Republican colleagues.

The article goes on to say:

> That will help get rid of one surplus, and a lot of political hypocrisy at the same time.

Mr. DOUGLAS. Is that a quotation from the article?

Mr. HUMPHREY. That is correct. There does not appear to be any depressing surplus of eggs right now. The price went down 6 cents a dozen a short time ago, and when the budget message came through the price went down 3 cents a dozen.

Mr. President, I have no more to say on this matter. I gather it will be something which will be discussed from time to time. I think the Senator from South Dakota made a very appropriate observation today when he said he was of the opinion that the Secretary of Agriculture had outlived his usefulness. There are those who thought possibly he had had a longer extension of life on the job than the circumstances merited.

Mr. President, I shall await any further comment which others may have on this particular question, and I shall be prepared Monday to place in the RECORD a photostatic copy of the letter which we are discussing. I called Harpers today to check it, to make sure that the letter was in their possession, and I am happy to note that the Senator from Vermont [Mr. AIKEN] also knows that a copy of the letter is in the Department of Agriculture.

Mr. KNOWLAND. Mr. President, with his customary candor the Secretary of Agriculture authorized the following statement this afternoon:

> The article was sent into my office, but in the rush of my duties I did not see it. The letter was signed with my name by an assistant, Miller Shurtleff, who has this authority for occasional routine acknowledgments. But, as Secretary of Agriculture, I must take the responsibility for this and I so do. Of course, the contents of the article as reported to me by my staff does not in the slightest reflect my views. We pulled a boner on this one. I am sorry.

That is the end of the quotation from the statement of the Secretary of Agriculture. I think it is the type of statement which would naturally be made by a man of integrity and candor, who admits that he made a mistake and acknowledges it.

Mr. HUMPHREY. Mr. President, I wish to say that I feel the Secretary has done right in his apology. I hope my colleagues will not think I am too unkind or too unfair when I say that the article has been published since December. There was no apology about the article or the letter until it became a matter of controversy on the Senate floor.

Mr. ALLOTT. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. ALLOTT. Did the Senator read the article when it was published?

Mr. HUMPHREY. I regret to say that I was behind in my reading.

Mr. ALLOTT. I have not seen the article yet, but I intend to read it. Perhaps it did not come to the attention of the Secretary, either.

Mr. HUMPHREY. The Secretary was sent a page proof of the article. I was not sent a page proof, but may I say, Mr. President, that a Member of the House of Representatives placed it in the RECORD 2 days ago. There was no argument about it, and it did not hit the news. The Secretary did not apologize about it then.

Oh, Mr. President, I will rub it off the board in the sense that the Secretary in a manly way had accepted his responsibility.

I say very frankly that it is peculiar that the Department of Agriculture was willing to endorse an article like that. Are they writing letters, willy-nilly, endorsing articles which appear in periodicals? I have been told that there is a group in the Department which looks through the publications to find what are called pro-Benson articles. Then they write letters of congratulation. I am certain that that is what has happened to the Secretary. All pro-Benson articles are not necessarily excellent. They are not necessarily well done.

What I am discussing is a matter of public policy. Agriculture legislation is one of the most important public policies before Congress today.

It is unpleasant for me to state that I have a difficult time getting replies from the Secretary of Agriculture. I may not be the most influential Senator, but I am 1 of 2 Senators from Minnesota. I write to the Secretary repeatedly. About all I have received from him in reply has been a letter in the form of an offset, inviting me to see a wheat exhibit.

When I write to the Secretary of Agriculture, I would like to hear from the Secretary in return. I am tempted to send letters back to the persons who replied, and say: "I did not write to you." I know the Secretary has to have a staff to answer letters, but he might find time to answer some of my communications.

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

Mr. HUMPHREY. I yield.

Mr. SYMINGTON. It is a fact that I have written 17 times from my office to the Secretary of Agriculture reporting specific complaints by Missouri farmers of maladministration of the ASC program in Missouri. In reply to them I have received only one answer from the Secretary.

Is it not true that when the distinguished junior Senator from Minnesota conducted a hearing in Missouri, he requested, a month beforehand, that a representative of the Department of Agriculture be present at the hearing, and that, although apparently there is much time available for the Department to write letters to magazines, no one representing the Department of Agriculture came to the hearing?

Mr. HUMPHREY. The Senator from Missouri is correct. I wrote in September, but I did not receive a reply until the first week in November. Then the answer was not by the Secretary. I have forgotten now who replied. I believe it was an assistant to an Assistant Secretary. As the Senator from Missouri knows, no officer, no observer, or no counselor from the Department of Agriculture was made available.

Mr. SYMINGTON. Is it not true that many times questions came up during the hearing which could have been solved without difficulty to the interest of everyone concerned if there had been someone present from the Department to interpret the regulations incident to the office management of county committees?

Mr. HUMPHREY. Such a person could have been exceedingly helpful.

From page 282 of volume II of the United States Code, 1952 edition, I read the following:

> There shall be at the seat of government a Department of Agriculture, the general design and duties of which shall be to acquire and to diffuse among the people of the United States useful information on subjects connected with agriculture, in the most general and comprehensive sense of that word, and to procure, propagate, and distribute among the people new and valuable seeds and plants.

The code then continues to enumerate the duties of the Department. I read:

> The Department of Agriculture shall be an executive department, under the supervision and control of a Secretary of Agriculture, who shall be appointed by the President, by and with the advice and consent of the Senate.

Moreover—

> The Secretary of Agriculture shall procure and preserve all information concerning agriculture which he can obtain by means of books and correspondence, and by practical and scientific experiments, accurate records of which experiments shall be kept in his office, by the collection of statistics, and by any other appropriate means within his power.

It appears that one of the duties of the Secretary is that he "shall procure and preserve all information"; furthermore, that he shall, according to the

code, "acquire and diffuse among the people of the United States useful information on subjects connected with agriculture."

There are a considerable number of other duties prescribed in the code, but I think we all know what the duties are.

I repeat that it would be a little different if this were an article written for the February issue, of which a galley proof had gone to the Secretary, and then, as a routine matter, a letter had been written commending it. I happen to believe there are enough people in the information service of the Department who have had sufficient time to send around the country all kinds of information about the farm program. They had time to put out in November a regular campaign document, to the effect that the farm program which really is not working, does work. But they apparently did not have time to inform the Secretary about the article in Harpers, even though the facts are so well organized.

It will have to be said that there was efficiency. There was sufficient efficiency for the letter to be sent, and the letter speaks for itself, all the apologies to the contrary. I think we would all be better off if every Senator made up his mind, and so stated frankly, that this kind of doctrine in an article, which apparently was endorsed advertently or inadvertently, is something which is not a reflection of the views of Congress.

Mr. AIKEN. Mr. President, I have no desire to continue the controversy about the article in Harper's magazine. The Secretary has said it does not in the slightest degree reflect his views. I think that statement is truthful.

I should like to say a word about the television program produced by Mr. Ed Murrow last night. It was an hour-long program, 55 minutes of it devoted to a showing of the plight of the farmers at their worst. At the end of 55 minutes the Secretary was given 4 minutes—I think a commercial cut off 1 minute—in which to present the other side of the story. I think there was a good audience viewing the program last night. I think the public relations department of the Farmers Union had built up the audience as much as they could. I feel certain it must have been very disappointing to them to have had Mr. Benson, in 4 minutes, give such an adequate rebuttal to the 55 minutes of propaganda which Mr. Murrow put on. However, as I understand it, the Columbia Broadcasting System has agreed to give time sufficient so that at least one fairly well-to-do farmer may come before the television audience of America. Of course, some farmers are in good shape; others are not.

I believe that for the month of November, 25 States showed larger agricultural incomes than in the last year, and 23 showed less. Those which showed a lesser income were largely the hog States.

It is very difficult to understand some persons. I had a letter only this afternoon from a farmer in Iowa. He is as mad as hops because the price of hogs went up 5 cents. He said last week he got 10 cents; this week he received 15 cents. I do not know what can be done to please him.

There is one suggestion I should like to make. For almost a year there has been a very intensified, organized campaign, attacking the Secretary of Agriculture, attacking everything he does, attacking the President, and constantly predicting that agriculture has gone to pieces; or if it has not gone to pieces, that it is going to pieces. This has been a well-organized propaganda effort to drive down the farm prices. To a certain extent, it has succeeded. But farm prices seem to be turning upward again.

I know this is very disappointing to those who have put on such an intensive propaganda campaign to drive prices down.

We know that farm prices are made partly by the law of supply and demand and partly by psychology. Sometimes it is difficult to determine which percentage can be credited to which influence. But I well recall the year 1947 and early 1948, when all the farm organizations of America were working together, and when a Republican Congress was working with a Democratic administration constructively to improve farm conditions in the United States. Those were the highest net income years this country has ever known. That was not due to legislation; it was not due to the application of laws at that time. It was due to the fact that the people who claimed to be interested in agriculture—and most of us were—were working together for a common purpose.

Now we seem to have lost that common purpose. There seem to be some whose sole aim in life is to embarrass the Secretary in every effort he makes to improve agricultural conditions in this cuntry; who have dedicated themselves to doing all they can to impede him in his work and to discredit him. That does not make for a prosperous agriculture.

Instead of attack after attack on the Secretary, on the President, and on all those whose responsibility it is to keep the country prosperous, including its prosperous agriculture, I should like to see people come forward with constructive suggestions, stop being abusive, and really lend themselves to the good of American agriculture so that it may be stronger and may continue to be free.

The PRESIDING OFFICER (Mr. McNAMARA in the chair). Is there further business to come before the Senate?

Mr. HUMPHREY. Mr. President, I should like to make a comment. I surely concur with the Senator's remark that constructive suggestions should be made and constructive attitudes should be taken. Constructive attitudes, however, do not necessarily mean we should just be mute rubberstamps and just accept any program and philosophy as laid down from on high.

I hope some of our friends will not be too unkind with us if we say we may have gotten a little confused in the beginning, when in 1952 this great agricultural policy of ours was thrown into the maelstrom of politics. I think I know a little bit about that. I attended the first meeting where it happened, out in Minnesota, near Kasson and Plowville. I do not think any Member in the Chamber will deny that statements were made as to what the future agricultural policy was going to be.

I can recall the statement "not less than 90 percent of parity."

I can recall that the Minneapolis Star carried headlines, which I displayed in the Senate, and which are matters of official record: "Eisenhower pledges 100 percent of parity."

I can recall pledges that there would be equal price supports on feed grains and perishables as there were on basics. I stand here waiting for anyone to prove to the contrary. That was the pledge.

Not only was that pledge made, but my distinguished colleagues on the Committee on Agriculture and Forestry know that those pledges have been talked about by members of the Department of Agriculture themselves. It happened in the campaign at Brookings, S. Dak., at Fargo, N. Dak., and I imagine elsewhere.

Furthermore, Mr. President, this administration has gotten every tool it has wanted for its farm program. The administration was able to defeat those of us who believed in higher support levels. It has been able to get a foreign aid program, under the Mutual Security Act, to dispose of surpluses, for the relief of famine. I was one of the original proponents of such a program. To show my colleagues the partisanship involved, when I proposed the program, there was opposition by the administration. The same proposal, word for word, was opposed in the committee by representatives of the administration. The administration sent down the second proposal. I happened to have the original; the administration sent down the carbon copy. That is in the CONGRESSIONAL RECORD.

Public Law 480 was put on the books, so we could sell our surplus commodities for soft currencies.

A flexible price-support program was put on the books. The expanded special milk program was put on the books. The Secretary got his way on lower price supports for dairy products. The school lunch program was expanded.

Farm research programs were expanded.

Despite the feet dragging of the administration, we increased soil conservation and research. This administration has had everything to work with except the will and the right spirit.

I know that spokesmen for the administration like to attribute all their ills to those who preceded them. That was a good argument the first year. They could get by with it the second year. They could even stretch it a bit for the third year. But it appears to me that in the fourth year they are really running out of arguments. Let us not have any more of this rationalizing about the miserable failure of the administration in the field of agriculture.

I was interested in what the President had to say in his message, when he again embraced the family farm. But the Assistant Secretary of Agriculture, Mr. Butz, said agriculture was big business, and that if those in that business were not efficient, they had to get out. And the Under Secretary has, time after time,

talked about so-called marginal farms, and the fact that they are going to have to disappear.

The President came back again to us with the philosophy about the family farm. In his message he talked about limiting price supports in quantity. I had a bill on that subject turned down by the same administration. I do not say my bill was perfect. I do not say it was even close to being perfect. But I say it was a germ of an idea, and the idea was rejected—not merely the mechanics of it, but the idea was rejected.

Members in the Senate and the House—and I was one of them—made soil-bank proposals, which could have gone into effect last year. This administration now loves the soil bank. I guess it is loved because the word "bank" is in it.

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

Mr. HUMPHREY. Not at the moment. This administration rejected the soil-bank idea. Now it is the "new, bold, imaginative" farm program.

Mr. President, we are going to give the administration a better farm program than it has asked for. The Senate Committee on Agriculture and Forestry has been trying to work on a farm bill in a nonpartisan spirit. Yet the Secretary of Agriculture says, "Let us not play politics with agriculture." May I say to my friends on the other side of the aisle that even as late as last night the Secretary of Agriculture was bowing to the administration. He ought to look at the mirror. Then he ought to go to the White House and look at its occupants, from the top on down. He might find out what is wrong with the agricultural program.

No one says these problems are simple, but I want to say for the RECORD, imagine what Mr. Khrushchev and Mr. Bulganin would be doing if they had the surpluses of food and fiber that we have. The trip through Burma and India which they recently took would look like slow motion compared to the next one they would take.

Here is a Government which cannot figure out what to do with abundance. Imagine what would happen if it were faced with scarcities. We would be singing God Bless America, in a spirit of prayers for help, and not merely as a song.

Imagine an administration stymied by the facts of agricultural economics, when it can get almost unlimited appropriations, and when it can get almost wholehearted cooperation from Congress. Everything the administration asks for, it gets. Yet officials in the administration are so busy writing letters of congratulation to Harper's that they cannot find time to have bills introduced to raise the price of hogs or livestock. They cannot do anything to help the agricultural economy until it is too late.

As I said a while ago, up to date the hog-purchase program has been a failure. I say officials of the Department cannot prove to the contrary, because they have been asked to submit evidence to the contrary.

Every day one can read in the columns of newspapers, "Republican Congressmen Go to White House on Hog Problems," "Republican Leaders Go to White House About Hog Prices," or "Go to Department of Agriculture About Hog Prices." There still is not an effective program to do something about hog and livestock prices paid to the producer.

We have made a suggestion. Sixteen Senators signed a letter to the Secretary of Agriculture on January 1, suggesting that certain programs be adopted, and certain things be done. I regret to say I have not had a reply to that letter as yet. Today is the 27th of January. I know it is a long way from the Department of Agriculture up to Capitol Hill, but if the mail service is not running, let us get one of the ponies out of the stables, and maybe a reply can be carried to Capitol Hill. If they have enough time to prepare the speeches they give, and enough time to prepare the letters they write, certainly they have enough time to answer 16 Members of the United States Senate.

Frankly, Mr. President, I am not happy about the kind of official treatment that is given to some of us just because we disagree with them. In this country is there any law against disagreeing, Mr. President?

I can recall when Members on the other side of the aisle were disagreeing to a point almost beyond description with the Brannan plan. If one wishes to talk about politics in the farm program that is when politics came in—and it was not brought in by Democrats.

I did not happen to subscribe to all the features of the Brannan plan, and I am not now subscribing to all of them. But I wish to make it crystal clear that all the explanations to the contrary are not going to erase from the memory of the American people the fact that when the Republicans are in power, the stock market prices go up, and farm commodity prices go down. If a man had been in hibernation for 20 years, like Rip Van Winkle, or if a man had been isolated in the Arctic or Antarctic regions for 20 years or more, and if thereafter, upon his return to the United States, he happened to hear it said, "The prices on the stock market are at an alltime high, but hog prices are $10 a hundred," that man would know at once that the Republicans were in power. [Laughter.] He would not have to listen to any radio broadcast or look at any television program, in order to know that.

Mr. President, I have expressed my view. I shall be back again.

Mr. CASE of South Dakota. Mr. President, during the afternoon I saw on the news ticker a report on some remarks I made earlier in the afternoon. I think there was one misinterpretation in the report I saw as to what I had said. That misinterpretation was in associating me with a demand on the President for dismissal of the Secretary of Agriculture. I made no such demand, nor did I join in that.

I now have before me the transcription of what I said; I have obtained it from the Official Reporter for the CONGRESSIONAL RECORD. I am reported as saying—and this is as I recall it, and as it will appear in the CONGRESSIONAL RECORD tomorrow:

> Mr. CASE of South Dakota. I, too, read the article bearing the initials of Mr. Fischer in the December issue of Harper's. I, also, was among those who were angered by it. I think it was entirely uncalled for.
>
> I am shocked, if what now purports to be a letter praising the article by the Secretary of Agriculture was written by him, and if it is the entire letter as signed by him. I have some doubts on that score.
>
> Mr. YOUNG. I may say that I have, too.
>
> Mr. CASE of South Dakota. At present I have a call in for the Secretary at his office. A search is being made to determine whether or not this is an authentic letter, whether or not the Secretary signed it, and whether or not the letter was printed in full. If the facts are as Harper's would make them appear to be, Mr. Benson has ended his usefulness as Secretary of Agriculture.

I said that. The account I saw on the news ticker indicated that I had joined with the remarks made by someone else in demanding that the President discharge Mr. Benson forthwith.

Mr. President, I did not call for that. I do think, though, that, on the record as it stands, the usefulness of Mr. Benson as Secretary of Agriculture has been compromised to the point where Mr. Benson on his own initiative should very seriously consider whether he wishes to lay on the President the additional burden that is his as a result of this unfortunate incident. In other words, I think the initiative should come from Mr. Benson himself.

I understand that the distinguished minority leader, the Senator from California, has already presented to the Senate the following forthright statement by Secretary Benson:

> The article was sent into my office, but in the rush of my duties I did not see it. The letter was signed with my name by an assistant, Miller Shurtleff, who has this authority for occasional routine acknowledgments. But, as Secretary of Agriculture, I must take the responsibility for this and I so do. Of course, the contents of the article as reported to me by my staff does not in the slightest reflect my views. We pulled a boner on this one. I am sorry.

Of course, that is a very forthright statement by the Secretary of Agriculture and a generous one in its acceptance of responsibility for a "boner" that he did not personally commit.

However, Mr. President, the difficulty is that of trying to get a constructive agricultural program passed by the Congress, when the organization of the Department of Agriculture is such that a letter can go out from the Secretary's office, over his authorized signature, saying, "I have read the article by John Fischer, in the December issue of Harper's, with a great deal of interest. It is excellent" when as a matter of fact the Secretary had not read the article, and when it did not represent his beliefs. It will be very difficult for the President of the United States, or for anyone who wishes to help the President get his program enacted, to get word to enough people of the country so as to disavow effectively a letter going out from the office of the Secretary of Agriculture, and bearing his signature—although it was signed by someone who is authorized to

make such signatures—and including the words:

I have read the article * * * it is excellent.

It will be difficult to erase the impression that has been created of an endorsement for a very great slander on the American farmer.

That is the great burden that has been placed upon the President and upon those who would like to see the President's program for agriculture enacted. That is why I feel that the usefulness of the Secretary of Agriculture has been compromised by this unfortunate incident.

It is made all the worse, Mr. President, because a different example of Cabinet action was reflected in the papers this morning. In this morning's newspapers I read that the Secretary of Labor had some differences with Representative BARDEN, a Member of the House of Representatives, regarding the handling of certain labor legislation in the House of Representatives. The Associated Press report, appearing in this morning's Washington Post and Times Herald, reads in part as follows:

A long-developing feud over the way the House Labor Committee has handled administration proposals broke into the open yesterday.

Secretary of Labor James P. Mitchell told a news conference that Chairman GRAHAM A. BARDEN, Democrat, of North Carolina, has been bottling up many legislative plans of President Eisenhower without letting them go to hearings.

BARDEN laughed when he heard of Mitchell's remarks and said: "Somebody should have whispered to the gentleman that I did not come up here to be dictated to by him or any other administrator."

"If he would spend more time administering the laws he already has instead of trying to run Congress, we would be better off," BARDEN added.

The Associated Press article, by Norman Walker, proceeds:

This prompted a further statement from Mitchell that he was glad to be able to report to Congressman BARDEN that labor standards laws have been more vigorously enforced by this administration than ever before.

Then the article continues with a quotation from Secretary Mitchell, as follows:

"It is my job to foster, promote, and develop the welfare of wage earners and I will continue to do so."

Mitchell got into the subject when newsmen asked what he thought of the chances of administration labor plans being approved by Congress this session.

And so forth. The great difficulty which Mr. Benson has had all along has been to persuade the farmers that he has been on their side. They have wanted a Secretary who was outspoken in his efforts to foster their welfare, and not to liquidate them.

A very great problem in getting sound agricultural legislation at this time is the difficulty of persuading the farmers that the program which has been advocated by the administration, and for which now the Secretary of Agriculture comes up to plead, is being advanced by a man who is seeking "to foster, promote, and develop the welfare" of the people in the industry whose Cabinet Department he heads.

The Secretary of Labor gets credit for working for laws more favorable to labor. He flatly says:

It is my job to foster, promote, and develop the welfare of wage earners, and I will continue to do so.

For months the major problem of Mr. Benson has been that too many farmers have not felt he is on their side. They think he wants to penalize them for overproduction and perhaps to liquidate many of them. They have become suspicious of what he espouses and do not give him the hearing they would give to one they looked upon as their champion.

It is incredible that a complimentary letter could go from the office of the Secretary of Agriculture on any article published under the headline "The Country Slickers Take Us Again," and with the opening sentence:

Our pampered tyrant, the American farmer, is about to get his boots licked again by both political parties.

The letter coming from the office of the Secretary of Agriculture, and stating that the article is excellent, that it had been read by the Secretary of Agriculture, places a tremendous burden on the President and upon the administration. Disavow it, the Secretary of Agriculture has clearly and forthrightly done. He has manfully said he is sorry it happened.

But I know, and everyone else who has been active in the field of congressional politics for any period of time must realize, the difficulty, in the face of the records, of persuading the farmer, for whom the Secretary of Agriculture is supposed to be seeking constructive legislation, that anything that happens in that Department is really in the interest of the farmer, if things such as the writing of this letter can happen.

Whoever actually did read the article for the Department should be exposed, and whoever wrote the letter knowingly should be suspended as disloyal to agriculture and disloyal to the Secretary.

I think it is regrettable and unfortunate, but the usefulness of the Secretary has certainly been compromised. I sincerely trust that he will give consideration to whatever steps may be necessary to let the administration's program receive fair and constructive consideration in the Congress.

Mr. AIKEN. Mr. President, I can imagine that some of the headlines tomorrow may read "Legislators Clamor for Benson's Scalp." I merely point out that those who clamor for Benson's scalp today clamored for it in January of 1953, and have been continuously clamoring for Benson's scalp ever since. If they had spent half as much time in helping to carry on good, constructive agriculture programs as they have spent in clamoring for Benson's scalp, I am sure the prices of agricultural commodities today would be higher than they are.

Mr. SYMINGTON. Mr. President, I listened to the distinguished senior Senator from Vermont [Mr. AIKEN] with respect to the broadcast last night, every word of which I heard. I have great admiration for Mr. Edward Murrow, and I thought he was most fair. At least 1, if not 2, of the farmers who spoke on the broadcast expressed a philosophy which I felt was quite close to the philosophy expressed many times by the Secretary of Agriculture, in his statements on the problems of the farmer, if not that exact philosophy.

As I understand, although he talked at the end of the program, Mr. Benson now wants to have more time from the Columbia Broadcasting System to answer a broadcast which I thought was quite fair in its original presentation.

It is my suggestion that some Member of the Senate—perhaps the distinguished senior Senator from Louisiana [Mr. ELLENDER], chairman of the Committee on Agriculture and Forestry, or the distinguished Senator from Minnesota [Mr. HUMPHREY], who has just spoken on the subject—should also ask for time, in order that there may be a debate before the American people with respect to just what is the problem which has resulted in the steady decrease in farm prices.

The PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

EXECUTIVE SESSION

The PRESIDENT pro tempore. Under the previous order, the Senator from New York is recognized.

Mr. NEUBERGER. Mr. President, will the Senator from New York yield to me, so that nominations on the Executive Calendar may be considered? It will not take more than 10 minutes.

Mr. LEHMAN. Mr. President, I ask unanimous consent that I may be permitted to yield for not over 10 minutes, with the understanding that I do not lose my right to the floor.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the Senator from Oregon is recognized.

Mr. NEUBERGER. Mr. President, I thank the distinguished Senator from New York for yielding to me.

I now move that the Senate proceed to the consideration of executive business, for the consideration of nominations under new reports.

The motion was agreed to; and the Senate proceeded to consider executive business.

EXECUTIVE MESSAGE REFERRED

The PRESIDENT pro tempore laid before the Senate a message from the President of the United States submitting the nomination of T. Keith Glennan, of Ohio, to be a member of the National Science Board, National Science Foundation, which was referred to the Committee on Labor and Public Welfare.

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. FULBRIGHT, from the Committee on Banking and Currency:

William McChesney Martin, Jr., of New York, to be a member of the Board of Gov-

ernors of the Federal Reserve System (reappointment).

By Mr. BYRD, from the Committee on Finance:

Herold Christian Hunt, of Massachusetts, to be Under Secretary of Health, Education, and Welfare;

John Edward Mulroney, of Iowa, to be a judge of the Tax Court of the United States;

Wilbert H. Beachy, of Pennsylvania, to be collector of customs for customs collection district No. 12, with headquarters at Pittsburgh;

Frederick C. Peters, of Pennsylvania, to be collector of customs for customs collection district No. 11, with headquarters at Philadelphia; and

S. Power Warren, of Colorado, to be assayer of the mint of the United States at Denver, Colo.

The PRESIDENT pro tempore. If there be no further reports of committees, the clerk will state the nominations on the Executive Calendar under "new reports."

ATOMIC ENERGY COMMISSION

The legislative clerk read the nomination of Harold S. Vance, of Indiana, to be a member of the Atomic Energy Commission.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

DEPARTMENT OF AGRICULTURE

The legislative clerk read the nomination of Marvin Leland McLain, of Iowa, to be an Assistant Secretary of Agriculture.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

COMMODITY CREDIT CORPORATION

The legislative clerk read the nomination of Marvin Leland McLain, of Iowa, to be a member of the Board of Directors of the Commodity Credit Corporation.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

EXPORT-IMPORT BANK OF WASHINGTON

The legislative clerk read the nomination of Samuel C. Waugh, of Nebraska, to be President of the Export-Import Bank of Washington.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

Mr. NEUBERGER. Mr. President, I ask that the President be notified forthwith of the nominations today confirmed.

The PRESIDENT pro tempore. Without objection, the President will be notified.

NOTICE CONCERNING NOMINATIONS BEFORE COMMITTEE ON THE JUDICIARY

Mr. KILGORE. Mr. President, the following nominations have been referred to, and are now pending before the Committee on the Judiciary:

Lyle F. Milligan, of Wisconsin, to be United States marshal for the eastern district of Wisconsin, for a 4-year term, vice Clemens F. Michalski, resigned;

Justin C. Morgan, of New York, to be United States district judge for the western district of New York, vice John Knight, deceased;

Richard H. Levet, of New York, to be United States district judge for the southern district of New York, vice John C. Knox, retired; and

Oliver Gasch, of the District of Columbia, to be United States attorney for the District of Columbia, for a 4-year term, vice Leo A. Rover, elevated.

Notice is hereby given to all persons interested in these nominations to file with the committee on or before Friday, February 3, 1956, any representations or objections in writing they may wish to present concerning the above nominations, with a further statement whether it is their intention to appear at any hearing which may be scheduled.

LEGISLATIVE SESSION

Mr. NEUBERGER. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed consideration of legislative business.

AMENDMENT OF THE NATURAL GAS ACT, AS AMENDED

The Senate resumed the consideration of the bill (S. 1853) to amend the Natural Gas Act, as amended.

Mr. BUSH. Mr. President, I understand the Senator from New York [Mr. LEHMAN] has the floor. Will he yield to me a moment?

Mr. LEHMAN. I yield to the Senator.

Mr. BUSH. Mr. President, since the debate on the Harris-Fulbright bill opened, I have been hopeful that a satisfactory amendment could be inserted into the bill, designed to protect the consumers of my State and other States against unjustifiable increases in the price of natural gas and assure them a continuing supply of this essential fuel.

However, prolonged discussions between representatives of opposing viewpoints have failed to produce a workable compromise, and for that reason I do not intend to offer an amendment. Convinced that the Harris-Fulbright bill, in its present form, fails to give adequate protection to the consumers, I shall vote against it.

Mr. LEHMAN. Mr. President, gas has been used by homeowners in New York State for more than a hundred years. In literally millions of apartments and private homes it is used for cooking. It has a wide use for hot water heating, clothes drying, house heating, and many other purposes. All these consumers have invested substantial amounts in gas appliances. It has been estimated that the average gas consumer who does not use gas for space heating has an investment of $400 in gas appliances, and that the average gas consumer who uses gas to heat his home has an investment of $1,000 in gas appliances.

There are, in all, over two and a half million gas consumers in New York State. And they are all tied in by a great web of steel pipes to the producers of gas. When the price of gas goes up in the field, the pipeline company goes before the Federal Power Commission and gets a rate increase, passing along to the distributing companies the larger amount it has to pay to the producers. And when the distributing companies are required to pay more to the pipelines, their higher costs are in turn reflected in the prices they have to charge the ultimate consumers.

It will not do to say—as some of my colleagues have said—that if the price of gas goes up, the consumer can simply switch to another fuel. The consumer has too big an investment. In many cases he is still making payments on the gas appliances—either as mortgage payments if the appliances came with his house, or time payments if they were bought separately. Even when the appliances are all paid for, he cannot throw away a $400 investment, or a $1,000 investment in the case of house-heating consumers. The suggestion that the consumer can switch to another fuel displays a surprising callousness to the financial problems of the average man.

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

Mr. LEHMAN. I yield.

Mr. LONG. Does the Senator know why gas in New York sells to the consumer for such an outrageously high price?

Mr. LEHMAN. For many reasons, I suppose, so far as New York City is concerned, and so far as certain other cities are concerned. In New York City, of course, the cost of installation for distribution purposes was exceedingly high, because the greater part of New York City rests on rock, which requires a very large expenditure in order to lay the pipes and other necessary mechanisms to distribute the gas to the houses.

I am not defending the price which is charged to the consumers of New York City by the various distributing companies. I am not even defending, necessarily, the price charged by the pipelines which bring the gas to the city gate. But I am saying that any increase that is made in the price of gas at the well will be reflected in the price of gas charged the consumer.

Mr. LONG. Would the Senator like to have me demonstrate to him how the price to his consumers could be cut in half?

Mr. LEHMAN. I should be very glad indeed to have the Senator do so, but I should be much more appreciative if he would demonstrate it to the public utilities commission. However, I shall be very glad indeed to hear the Senator from Louisiana.

Mr. LONG. I can demonstrate to the Senator, in a couple of moments, how that could be accomplished.

In the first place, the Senator knows that the real reason why the price of gas is so high in New York is the tremendous charge for distribution. In New York City the people pay only 7.8, or, roughly, 8 cents, for their gas. On the other hand, in New York City, the city is charging $1.77 to distribute it. If the Senator would like to have cheaper gas, the thing

to do is to get the consumers to use a great deal more gas.

The Senator knows that when a gas main is laid to a house it costs just as much to lay a main for cooking alone as it does to lay a main for both cooking and heating. The Senator knows that, does he not?

Mr. LEHMAN. I know that the greater the volume that is involved in distribution, the less, proportionately, will be the cost of distribution. That is axiomatic.

Mr. LONG. That is correct. On that point we completely agree. It costs just as much to send a man around to read a meter showing a small figure as it does to read a meter showing a high figure. The Senator knows that, does he not?

Mr. LEHMAN. I know that the less complicated distribution is, the lower the cost of distribution becomes.

Mr. LONG. That is correct. Also a pipeline which is a distribution company is entitled to make a 6 percent return on its investment, regardless of whether the pipes are being used to carry a great deal of gas or only a small amount of gas. That cost represents a fixed charge which must be written off.

The point I am coming to is that if the consumers were to use a great deal more gas, the cost of distribution would fall to a very great degree; and by reducing the cost of distribution, in line with what is charged in other cities, the consumers in the city of New York would get their gas for half what they are paying. Let me demonstrate what I mean.

In New York, because so little gas is used by housewives, and what little is used by them is used primarily for cooking, New York being an apartment city where people find it cheaper to heat apartments with coal or oil, the charges for distribution is $1.77. On the other hand, at Nashville the charge for distribution is 60 cents. If we change the figure of $1.77 to 60 cents, add the figure of 23 cents for transportation, and then assume that instead of 7.8 cents, the consumers are paying the full thermal value, which is about 25 cents, we still arrive at a price for gas of approximately $1.10, as against the $2.42 which is now being paid.

I know that the Senator would like to assist consumers. I suggest that that is the way it ought to be done.

Mr. LEHMAN. Of course, I should like to see the consumption of gas in New York increased. I should like to see it increased in many other communities. However, there is one thing which I think the Senator from Louisiana must take into account.

There has been no assurance to the residential consumer, and there can be no assurance that the cost of gas at the wellhead is going to be even comparatively stable. We know that if the Fulbright-Harris bill, which is now before the Senate, shall be enacted, there will be virtually no protection whatsoever with respect to the cost which may be charged to the consumer.

I am sure the Senator from Louisiana knows that the homeowner is not in the same position as the industrial or commercial user of gas. The industrial or commercial consumer of gas is in a position to lay in supplies of coal throughout the summer months, when the price of coal is relatively low, as we all realize, of course. He can switch without any difficulty whatever.

However, the residential consumer of gas is not in that position. He cannot switch from gas to coal and from coal back to gas, depending upon the price at which he can obtain his supplies. Therefore, there has been a certain amount of resistance. After all, there are already more than 2 million consumers of gas in the State of New York, which is not an insubstantial number.

Mr. LONG. When the Senator mentions protecting the consumer, he must bear in mind that in most instances the consumer is protected by competition among producers of commodities. As a practical matter, I could suggest to the Senator what the competitive ceiling price of gas would be. It would be approximately 25 cents, because that represents the value of the thermal equivalent in coal. That represents the amount of coal which would be required to equal heat equivalent a thousand B. t. u.'s of gas. The Senator can be sure that when it becomes cheaper, when it becomes a better investment, to heat with coal or fuel oil than with gas, the gas industry will cease constructing pipelines to bring gas to the consumer.

Mr. LEHMAN. It seems to me that what the Senator from Louisiana is proposing is to raise the price still further and bring about less consumption, making the pro rata distribution cost even greater than it is today. I am sure the Senator cannot convince me that if the consumer paid 10 or 15 or 20 or 25 cents more for his gas, whether that gas be used for residential purposes or any other purpose, such an increase in the rate would encourage additional consumption. It seems to me that is a perfectly untenable position for the Senator from Louisiana to take.

Mr. LONG. I am proposing to the Senator that in the city of New York, in the great State which he has the honor to represent, a person heating one of the large apartment buildings could afford to heat that building with gas if he were to pay the full equivalent of what it would cost to heat the building with coal or oil. The reduced distribution costs would permit him to heat with gas. I say a consumer could afford to pay the producer 25 cents per thousand cubic feet for gas, which is four times what they are paying now, and heat his home or building for less than it would cost to heat it with coal or oil.

I ask that the Senator from New York consider these figures. The gas could be transported for 23.5 cents. Because of the increase in the volume against the constant overhead, the distribution charge could be cut from $1.77, to as low as 33 cents. Therefore the cost would be reduced by more than one-half.

If the Senator wishes to help the consumers of his State, he should get behind the Harris-Fulbright bill and show the consumers how they can get gas at half the price they are now paying. So far as the consumers are concerned, they would not care too much, or be interested too much, in how much the distributor or the producer or the pipeline company was getting. The important thing to the consumer is how much he has to pay for the gas. The Senator from New York should support the bill, and show the consumers in his State how the price of the gas could be cut in half.

Mr. LEHMAN. The Senator from Louisiana has a very good sense of humor. Therefore, I shall accept his suggestion as a demonstration of his sense of humor. It would be a very strange philosophy to hold that it would be possible to increase the consumption of gas by raising its price. That is what the Senator from Louisiana is suggesting.

Mr. LONG. No; I am saying that the way to make the price of gas cheaper is to use the gas for household heating as well as for cooking, and in that way get it for less than half the price the consumer is now paying.

Mr. LEHMAN. If the Public Service Commission in the State of New York is willing to go into the question of the cost of gas distribution and the question of the cost of transportation by the pipeline, that is all right with me. However, I do not believe the Senator from Louisiana should say to me that the consumer should be told that the way to increase the use of gas is to pay 5 cents or 10 cents or 15 cents or 25 cents more for the gas. Five cents may sound like a very small amount, but when it is multiplied by the number of units of gas used, it can amount to a great deal of money.

Mr. LONG. I ask the Senator from New York to please ponder what I am proposing. I am proposing to the Senator from New York that the consumers in New York could afford to pay four times what the producer is being paid now. That would cause the gas to be sold, on a heat equivalent basis with coal and oil, for half the price the consumers now pay. In other words, if the Senator could persuade the consumers in his State to use gas for heating their homes, instead of using other fuels, the price of gas could be cut in half.

Mr. LEHMAN. If I were to agree with the premise of the Senator from Louisiana, I could have some understanding of his conclusions. However. I completely disagree with the premise of the Senator from Louisiana as he enunciated it.

Mr. LONG. I might suggest to the Senator that we can no longer supply his consumers with gas at the rate of 7 or 8 cents. Those are the old contract figures. If he wants to buy some gas he will have to pay 12, 15, or perhaps even 20 cents, in order to get enough gas for his State. On the other hand, I have suggested how the cost of the gas to the consumer could be cut in half as compared with what the consumers are now paying, if they were to use the equivalent of coal or oil so far as equivalent heating units were concerned.

Mr. LEHMAN. It would require the consumers to make a very large investment in installations in order to make

it possible to use natural gas for the purposes the Senator suggests.

Mr. LONG. It would be necessary to make an investment, but having made such an investment, a consumer would realize a tremendous saving in the cost of heating his home.

Mr. LEHMAN. Perhaps that is so.

Mr. LONG. Perhaps after the Senator thinks about what I have said he may tell me why my suggestion would not work. I believe that with the consumption of more gas, even though consumers in New York would have to pay higher prices, and even though the producers would get a higher price, and even with a major increase in the price of the gas to the producer to 400 percent, the price being paid by those serving New York, the consumers would still make a tremendous saving.

Mr. LEHMAN. I may say to my colleague from Louisiana, for whom I have great admiration, that certainly his philosophy is a very weird one indeed, if he means to say that the way to get an increase in consumption is to raise the price. I have never known that to be a fact in the many years in which I have been in both public life and in business, and I was in business for 30 years before I went into public life.

Mr. LONG. The Senator is a very able businessman. I know that he was very active in business before he retired from it to go into public life. I am sure he realizes that a great many economies can be effected by doing business on a large scale.

Mr. LEHMAN. Not by raising the price in the way the Senator proposes.

Mr. LONG. I would suggest that the price to the consumers be reduced, and I hope that the Senator will urge the consumers in his State to try to have the gas at the point of consumption sold at a lower price.

Mr. LEHMAN. Mr. President, perhaps I should mention as well the situation of thousands of small home owners who heat their homes with gas, but the chimneys of whose homes are so constructed that other heating fuels cannot be used. This may seem like a small matter to some, but to the hard-working owners of those homes, it is a serious matter indeed to be told that all one has to do is switch to another fuel.

It is this utter dependence of the consumer that clothes the entire natural gas industry with the public interest.

The distribution companies are closely regulated today by the local State utilities commissions. The pipelines are regulated by the Federal Power Commission.

The issue is whether the public interest requires regulation of the rates of the major producers who sell in interstate commerce.

A question must be asked in determining whether that regulation is appropriate. Are the practices in the gas-producing business such that regulation is required to protect the public interest? Reference to the record requires that this question be answered unqualifiedly in the affirmative. Not too long ago, natural gas found in connection with oil exploration was usually burnt off and discharged as smoke as a waste byproduct of petroleum deposits. Then later gas came to be sold in large amounts to interstate pipelines for 4 cents per thousand cubic feet. Today, the large oil companies which control the bulk of the gas reserves have forced up the price to levels, in the case of some contracts, of 21 cents per thousand cubic feet and even more. Furthermore, the producers are still insisting on the inclusion in their contracts of the notorious escalation clauses, under which the price of gas under a particular contract can keep on going up as the producers push the prices up on new contracts, but can never go down—because in this establishment all the escalators are up escalators, and there are no down escalators.

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

Mr. LEHMAN. I am glad to yield to the distinguished Senator from Oregon.

Mr. NEUBERGER. Mr. President, I should like to thank the distinguished Senator from New York for the very able address he is delivering on the subject of the natural gas bill. I wish I had his knowledge of the subject.

The region which I in part represent is, I believe, one of the few major regions in the United States which does not have natural gas. However, at this very moment a pipeline is under construction across the plains and mountains to the Pacific Northwest from the gas fields of Colorado and New Mexico. That means that the bill now under debate will be very pertinent to the consumers—the housewives and businessmen and industrialists—of the State of Oregon and to those in other States of the Pacific Northwest.

For that reason I thank the distinguished Senator from New York for the very able and valiant fight he is making in opposition to the bill, which undoubtedly has as its major purpose the ultimate raising of the price of gas to the consumer.

Mr. LEHMAN. I thank the Senator for his comments. New York is a producer of gas although a very small producer. However, it is a very large consumer of gas. I can say to the Senator that the gas bill which is now before the Senate is opposed by the vast majority of the people of my State, by the State administration, by the Public Service Commission, and by other bodies, as I shall disclose later in my remarks.

(At this point Mr. LEHMAN yielded to Mr. PAYNE. By unanimous consent, the address of Mr. PAYNE and the ensuing colloquy appear at the conclusion of Mr. LEHMAN's address.)

Mr. LEHMAN. Mr. President, despite the large volume of gas contracted for in past years at prices of 4 cents to 7 cents per thousand cubic feet, the average field price of gas today is about 10 cents per thousand cubic feet. The producers have openly stated their intention to establish prices of around 25 cents, and, as I have said, they are already well on the way to reaching this initial objective.

The operation of the escalation clauses has the gradual effect of spreading a price for new gas over the old contracts, just as water poured into a pail from one side raises the level over the entire surface. What will a 25-cent average price mean to the consumers of the Nation? The figures are appalling. A 15-cent increase in the field price of gas will cost the consumers of the Nation the staggering total of $900 million a year.

I do not know whether the increase will be 15 cents for 1,000 cubic feet, or 10 cents or 25 cents. But I do know, on the basis of conservative estimates, that for every 5-cent increase in the price of natural gas at the wellhead, there is a cost increase for the consumers of the Nation of $300 million a year.

But that is not all. In fact, that is just the beginning.

For every 5-cent increase in the price of natural gas at the wellhead, the value of known and proved reserves increases $6 billion. A 15-cent increase in the price of gas would mean an automatic increase in the value of known and proved reserves of $18 billion. The known and established gas assets of the producers would be increased by $18 billion automatically.

Just think of that. What a windfall this bill represents.

Of course, the consumers of the Nation, including those in my own State, would foot the bill over the years and pay for this natural gas at these increased rates.

I am going to do my best, Mr. President, to protect the consumers of my State from being forced to contribute to this incredible profits windfall—a windfall equal to almost one-third of the annual budget of the United States.

Mr. President, when I indicate I shall do everything within my power to protect the consumers within my State, of course I mean that I shall do everything within my power to protect the interests of the consumers in all 48 States of the Union.

This bill is not going to stimulate the exploration of new wells so much as it will stimulate the profits on those wells and those reserves now in existence.

It may reasonably be asked: If the producers' prices are subject to regulation under the Natural Gas Act, why has the Federal Power Commission not prevented the increases that have already taken place? The answer requires a little history.

The Federal Power Commission had been persuaded that it had no jurisdiction over producers' prices, although it reached this conclusion despite the failure of the Congress to pass the Kerr bill over President Truman's veto in 1950.

Finally, on June 7, 1954, the Supreme Court decided the Phillips Petroleum case, Three Hundred and Forty-seventh United States Reports, page 672. That decision established firmly and finally the proposition that the Natural Gas Act does cover the rates of gas producers and that these rates are subject to regulation by the Federal Power Commission.

As of June 7, 1954, however, the Federal Power Commission had no machinery to handle producers' prices. It had established no standards or techniques for judging them, and it had the enormous administrative problem of getting on file in some systematic order the thousands of producer contracts.

The Federal Power Commission still has not decided on the merits of a single producer rate case, although several cases now are in the later stages.

I do not want to go into the question whether the Commission has been dilatory in its handling of these producer cases, for that question is irrelevant to the issue before us.

Mr. President, it is sufficient to observe, first, that the sheer paperwork problem, to be handled with a limited staff, was considerable; and, second, that the strategy of the producers in these rate cases before the Commission has been to stall and stall, in the hope that the Congress would pass the pending bill.

Parenthetically, it should be mentioned that in the producer cases pending, and now being tried before the Commission, the producers have systematically and uniformly refused to reveal any information whatever about the extent of their profits. One wonders why they are so secretive on this subject. Can it be that the effect of the 27½ percent depletion allowance they received in their Federal income taxes results in the payment of so small a tax bill in relation to profits that they are afraid to reveal the facts to the public? Or is it to be anticipated that the opportunity to charge off against income, for income tax purposes, the cost of drilling unproductive wells results in such a high level of profits, that the producers will conceal their financial figures as long as possible?

Mr. President, I wish to point out that the statements of many of the leading oil companies in the United States show that in the year 1954 they were able to avoid all Federal income or corporation taxes, except to a very minor extent. In most cases, they have paid no tax; in many other cases they have paid very small taxes—taxes of only 1, 2, 5, or 10 percent—whereas the ordinary tax on corporations is, as all of us know, 52 percent. I raise that question because I think it is a very important one. I believe that the 27½ percent depletion allowance which is permitted to the oil companies is one of the scandals of our time; and we should and must make every possible effort to do away with it, in justice to all the people of the United States, the taxpayers.

In all events, the fact remains that until a year-and-a-half ago a majority of the Federal Power Commission did not regard itself as empowered to regulate the producers, and since then it has not effectively regulated producer prices.

However, the effect of the Phillips case decision in 1954 was to start a train of events inexorably leading to regulation of producer rates; and in view of the skyrocketing of prices in the last 3 years, this has come none too soon.

The producer contracts are now on file with the Federal Power Commission. Many of the price increases sought by producers, merely on the basis of the operation of escalator clauses, have been suspended by the Commission, and are now the subject of hearings. Many of these increases are being fought by public bodies and by the distribution companies.

At this point I wish to say that never in my memory has there been such a gathering of forces in my State of New York in opposition, not only to the increases which have already been applied for, but to the pending legislation.

The Governor of my State, Governor Harriman; the mayors of the leading cities of my State, headed by Mayor Robert F. Wagner, of New York City; the New York State Public Service Commission, which is a bipartisan board exactly balanced between Democrats and Republicans; and the attorney general of New York, who happens to be a Republican; both Senators from New York, and our entire congressional delegation, so far as I know, are all strongly and vigorously opposed to the pending legislation.

Mr. President, in a few moments I shall refer in some detail to the position taken by these officials of New York State.

Right now I want to comment on the opposition which has been offered by the New York Public Service Commission to the recent request for price increases. The New York State Public Service Commission is doing yeoman service in coming before the Federal Power Commission to oppose these proposed price increases—increases based not on higher costs, on higher taxes, or inadequate earnings, but solely and simply on escalation clauses. In other words, the only reason why these producers claim higher prices is that someone else is getting a higher price.

I am pleased to express my appreciation for the efforts of the New York Public Service Commission in protecting the consumers of New York by opposing these unjustified price increases.

I wish to point out that I have not always been wholly satisfied with the attitude of the New York Public Service Commission on regulation matters. Although I have not had all the facts—I have had no opportunity to obtain them—I have the impression that the New York Public Service Commission has, at times, been lax in allowing disproportionate rate increases to some of our utilities in New York.

I have not believed, certainly not in recent years, that rate regulation was the whole answer to consumer protection. But the consumer must be protected and regulation is one of the available public devices to protect the consumer against unconscionable rate gouging on the part of utilities which, being monopolies, usually have the consumers at their mercy.

That is why, Mr. President, I am so strongly opposed to this bill. Whatever the difficulties in the regulatory process as applied by the FPC to gas producers, it is better than no regulation at all.

Regulation of producers' rates by the Federal Power Commission has been far from perfect, or even satisfactory; but this regulation, if it may be called that at this stage, has been of such short duration that a reasonable man must withhold judgment. At least it can be said that the process has started; that some brake has been imposed on the wild spiraling of prices; and that in the end, the courts will establish the limits of administrative discretion within which the Federal Power Commission will be empowered to fix rates.

Mr. President, we should not be gullible enough to believe the arguments of the proponents of this bill that if the producers' prices remain under their present regulation by the Federal Power Commission, the regulation will consist in finding the original cost—of the productive wells only—and applying a wooden 6 percent return to that rate base. There is no reason to believe that the Federal Power Commission has any such purpose or plan for the regulation of producers' rates.

In the first place, it is universally acknowledged that the cost of digging unsuccessful wells must be borne by the consumers. Secondly, it is universally acknowledged that the producer prices for new gas must be fixed high enough to encourage exploration. It does not follow, of course, that gas already found, developed, and flowing through the pipelines must be written up in value in order to encourage exploration.

It is enough that prices for new gas be high enough to make it economical for the speculator to run the risk of failure.

The extent to which cost should be an element in fixing producers' prices will one day be determined by the courts. But at least the public has the protection of knowing that the standard which will be used is the time-honored standard of just and reasonable rates. This standard has been in the Natural Gas Act since 1938, and since time immemorial has been used in other statutes dealing with the fixing of rates in the public interest. At least there is a body of tradition to build on. It is not a pig in a poke. And, as I have stated, and as I now emphasize, the Supreme Court has explicitly ruled that this phrase does not bind the Commission to the use of any particular formula.

What would be the effect of the pending bill on this situation? The long and short of it is that in place of the comparatively well-understood phrase "just and reasonable rates," there would be substituted "reasonable market price." If the pipeline were to pay more than the reasonable market price to the producer, it would not be able to pass the excess along to its customers in a rate case.

The unfortunate truth is that nobody knows what the words "reasonable market price" mean. They are completely novel in the field of price regulation. We have no clear idea how they would operate—or perhaps I should say that we all have different ideas as to how they will operate. But I believe that there is one idea underlying that phrase that would be common to all the interpretations, fundamentally, the attention of the Commission is directed to what other people are currently willing to pay for gas.

What a shocking standard to apply in fixing prices which must be borne by 27 million gas consumers in the Nation—two and a half million in New York State alone. The other fellow may be willing to pay a high price for any one of a hundred reasons. Perhaps he will save a large amount of buying gas in a field adjacent to his main pipeline, and thus is

willing to go overboard. Perhaps he is buying for a special market. Perhaps he needs only a small amount to complete a program, and will pay a high price just to finish the job. And surely our history does not permit us to overlook the possibility that pipeline A may pay a higher price in a certain field for the specific purpose of triggering the escalation clauses in that field, either to benefit the producers in that field or to hurt the pipelines and distributing companies and consumers that take gas from that field.

There is still another reason why a pipeline may be willing to pay a deliberately high price for the purchase of gas from a particular field. If the pipeline itself owns gas reserves in that field, it stands to benefit if the prices in that field go up, for under this bill the pipeline is allowed to receive the very same "reasonable market price" for gas it produces from its own wells. In other words, the pipeline has an incentive to let the prices rise.

Consider further the case where pipeline A owns gas reserves in field A and pipeline B owns gas reserves in field B. This bill gives an incentive for pipeline A to buy some gas in field B at a higher price if pipeline B buys some gas in field A at a higher price. I contend that it is not only unwise and contrary to the public interest but downright immoral for the Congress to adopt legislation which presents, as I have shown, such a strong temptation to dip into the public's pocketbook, a public which, as I have shown, is a captive market bound to the producer's will because of the public's investment in facilities. I pointed that out very clearly earlier in my remarks today.

It has been said that it is inherently unfair to tie down the producers to a fixed price for 20 years.

Comparison has been made with the coal purchased by electric utilities. It has been pointed out that, if the price of coal or other fuel rises, the electric utility simply passes the increase along to its customers.

But this argument overlooks some crucial points of distinction. If the price of coal goes up, the electric utility is free to use some other fuel. In contrast, the pipeline is obligated to continue to purchase gas for 20 years, regardless of the price, and anyway, even if it could get out of some of its contracts, the fixed costs of a transportation company are so high that it has to use its facilities at top capacity to keep its own costs from skyrocketing. Furthermore, coal prices fluctuate; they go up and they go down. But producer prices for gas have a way of "fluctuating" in one direction only—they only go up. In fact, as I have observed, the escalation clauses in these producer contracts provide for increases in prices if others are paying more, but they make no provision whatever for decreases in prices. How unfair it is to compare these prices with coal prices, which move down as often as they move up.

As I have said, the phrase "reasonable market price" is novel and untried; it is bound to lead to years of litigation; and chief of its defects is the fact that it is based on the strange concept that the standard for rate regulation should be not the cost of production, but the price that some people may be currently willing to pay, for whatever reasons. This is no standard to be written into law if we are sincerely trying to protect the public interest. This is no criterion designed to protect the consuming public.

I am proud to say that we in New York, whose task it is to protect our citizens, have not been slow to see through this extravagant and expensive approach.

As I have already said, New York State is vigorously and unitedly opposed to this legislation. New York speaks with one voice in demanding that this legislation be set aside.

I think, Mr. President, that when all but a handful of 16 million people in one State are in strong opposition to a piece of legislation, we should think many times before passing it.

I hope the producer States will take pause and give consideration to the impact which this legislation would have upon a great consumer State like New York, and upon many other great consuming States.

I do not think this should become a political issue. I do not think this should become an issue as between States.

I dislike to see the interests of the producing States lined up against the interests of the consuming States. In general, I have always believed that what is good for one part of the country is good for the whole country.

I have very frequently voted for appropriations for the construction of great Federal projects which were of no direct benefit or interest to the people of my own State, but were of great benefit to many other areas in this country. I did so under the strong conviction which I still hold, and which I hope I may be able to hold for the remainder of my service in public life, that what is good for one great section of the country is good for all sections of the country.

I have never seen that statement successfully contradicted or proven to be wrong. What I have described as my thesis of good government and sound legislation must be met with equal response. That thesis and that principle of government must work both ways. It cannot permanently work in one direction only.

I point out that the proposed legislation is not good for the people of my State of New York, and therefore I do not think, in the long run, that it will be good for the people of Texas and Oklahoma.

From all the evidence I have seen, the gas and oil producers can continue to prosper under the regulation of the Federal Power Commission and they have prospered mightily. Certainly the Federal Power Commission as presently constituted has shown its friendliness—its excessive friendliness, in my judgment—to the producing States and to the proprietary interests. There is no excessive zeal in the Federal Power Commission today to defend the interests of the consumers. So I would hope that from the producers' viewpoint well enough is left alone and that this legislation will be defeated.

But to return, Mr. President, to the viewpoints expressed by leading figures and factors in my own State.

Governor Harriman has expressed himself strongly and unequivocally on this matter.

In fact, I have just received a telegram from Governor Harriman, which states in no uncertain terms how he feels, and how the State administration of New York feels, about the Harris-Fulbright bill.

I should like to read this forthright statement of position from the Governor of the largest State in the Union into the RECORD:

On behalf of the millions of people in New York State who are users of natural gas, I wish to assure you that you have their full support, as well as mine, in opposing Senate bill 1853, which would exempt producers of natural gas from Federal regulatory control. I opposed this measure last year when it was before the House committee, and again before the Senate committee, and the objections I made then are as valid now.

Even with the present Federal and State regulations on transmission and distribution rates, the price of natural gas has been rising sharply. We could anticipate further steep increases if the rate-determining jurisdiction of the Federal Power Commission over the producers were to be removed.

The so-called protective features of S. 1853 will not effectively safeguard the consumer against unjust, unreasonable, and excessive rates, as our New York Public Service Commission has already pointed out.

Natural gas consumers in New York and other States need, and are entitled to, protection against arbitrary price increases imposed by producers in the present sellers' market. State regulation cannot provide that protection. It can only be provided by the Federal Government.

For the Federal Government to abandon its responsibility would adversely and seriously affect natural gas consumers who have spent an enormous sum in the aggregate to convert their facilities to the use of this fuel on representations that it was not only efficient, but would be cheap.

Householders and other consumers dependent upon natural gas must rely on their elected representatives and public regulatory bodies to protect them against unjustified price increases.

I realize, as everybody does, that producer prices must be adequate to stimulate a steady and expanding flow of gas at prices fair to producers and consumers alike. I am confident that the Federal Power Commission would recognize that necessity, as past experience has shown.

I know that I speak for the overwhelming majority of New York natural gas consumers in expressing strong opposition to the passage of S. 1853.

AVERELL HARRIMAN.

These, Mr. President, are the views of Governor Harriman, of New York.

The mayor of New York City, Mayor Robert F. Wagner, who is chairman of a committee of 259 mayors, organized to oppose the enactment of the proposed legislation, announced only on Tuesday of this week that he was calling upon all his committee members to mobilize sentiment in their areas against the Harris-Fulbright bill.

According to Mayor Wagner, this committee represents over 30 million captive

natural gas consumers. These 30 million consumers would be victimized if this legislation passes.

According to Mayor Wagner's estimate, the removal of regulatory controls will increase gas consumers' bills in the Nation by as much as $800 million a year with individual consumers paying an extra $40 to $50 annually in their gas bills. Mayor Wagner said:

> The extensive discussions about the bill have made it clear that there is no sound reason for imposing this additional heavy charge upon consumers. The imposition of another burdensome price increase upon consumers who have already been subjected to several successive price increases constitutes an unjustifiable breach of faith, particularly with those consumers who are in no financial position to reconvert to other fuels.
>
> I count upon my fellow members of the mayor's committee to advise their Senators and constituents of the consumers' viewpoint and the urgent need to register that opposition immediately.

Mr. President, I ask unanimous consent to insert into the RECORD a press release from the office of the mayor of New York City, describing Mayor Wagner's call to the 259 mayors who are organized in opposition to this bill, and the views expressed by Mayor Wagner in this connection. Mayor Wagner was good enough to send me this statement at my request, so that it might be read into the RECORD of this historic debate here in the Senate.

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

(See exhibit 1.)

Mr. LEHMAN. Mr. President, I have referred to the views of the Governor of New York and of the mayor of New York, who is chairman of the committee of the conference of mayors in opposition to the pending bill.

As I have already indicated, the New York State Public Service Commission is not only opposed to this bill, but has been opposing the requests made to the Federal Power Commission under present law for rate increases. The New York Public Service Commission is to be commended for its vigilance in this matter.

The Public Service Commission of New York is also to be commended for its forthright stand on the pending legislation.

It has prepared comprehensive data in regard to what this bill will mean for the consumers of New York State. The public service commission has been helping to lead the fight against this legislation within New York State. I ask unanimous consent that an exchange of communications between myself and Chairman Feinberg of the public service commission be printed in the RECORD at this point, along with supporting material supplied me by the public service commission.

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

(See exhibit 2.)

Mr. LEHMAN. Mr. President, in connection with the material I have just placed in the RECORD, I desire to reiterate that the Public Service Commission of New York State is a bipartisan body, half Republican and half Democratic. The present chairman is a Republican. So far as I know, the position of the Public Service Commission in this matter has been determined by the unanimous vote of the members of that commission.

Also, Mr. President, the attorney general of New York, the Honorable Jacob Javits, a former Member of the House of Representatives, has expressed his strong opposition to the Harris-Fulbright bill, and is in complete agreement with the New York State administration in the attitude it takes on this matter.

Finally, Mr. President, the public utilities of my State are also opposed to the bill, and the press of the State is generally opposed to it.

Today the New York Times printed a very instructive and thoughtful editorial on the subject, and I wish to have it in the RECORD. It reads:

LAST CHANCE ON NATURAL GAS

The Fulbright-Harris bill to exempt independent producers of natural gas from Federal price control is in our opinion socially, economically, and politically wrong. As the measure has passed the House by a 6-vote margin, the impending vote in the Senate is crucial. It offers the last chance to preserve effective Federal restraints on the price of gas at the wellhead, which directly affects the price of gas to the pipeline transporter, thus to the local distributor, and in turn to the household and industrial consumer.

The Fulbright-Harris bill is socially wrong because it would relieve a vital segment of the gas industry from a form of Federal regulation essential under the actual circumstances of production and marketing of natural gas. Looking at the industry as a whole, we see that urban distribution is regulated and the pipeline transportation that brings the gas across country is regulated; yet under the Fulbright-Harris bill an important part of production would be relieved of regulation except through a cumbersome device that would have little if any practical effect. In a way that does not apply to other extractive fuel industries such as oil or coal, the consumer is a captive, is tied through the pipelines to the producer and can be protected adequately from undue price increases only by utility-type regulation. Normally we disfavor governmental control of prices; but this is a situation where it is necessary despite the claim of the industry that competition in purchase and sale of gas in the field already provides adequate consumer protection.

We do not think it does, and that is why we say that the Fulbright-Harris bill is economically wrong. The industry talks of only a few pennies a day; but these few pennies will mean millions of dollars a year in additional costs. Senator DOUGLAS, of Illinois, who is leading the fight against this bill and has made the kind of detailed analysis of it that one has come to expect from him, points out that the field price of gas has already risen about 120 percent in the past 6 years, with indicated additional increases, in the absence of controls, of from 50 to over 100 percent. Since large-scale industrial users in many cases can easily shift from gas to other fuels if the price of the former goes too high, the burden of the increase will undoubtedly fall on the small captive household consumer.

The Fulbright-Harris bill is politically wrong in the sense that its passage, if it passes, will surely backfire on many of the Senators who endorse it, on the Texas Democratic Party leadership that is fighting for it, and on the administration that, to put it mildly, is not opposing it. The favorite Democratic charge of "giveaway" will sound odd to voters when they think of the Democratic sponsorship of the natural gas bill. The administration claim that it wishes to protect the consumer will sound equally odd when, as we venture to predict, such regulation as is provided in this bill proves totally inadequate to regulate.

Mr. President, I need not labor this point any further. My State is against this bill. I am against this bill. I think the reasons for our opposition are very clear. It could not be otherwise.

We are the ones who will pay the piper if this legislation is enacted—we and the other consumer States of the Union.

While desiring with all my heart the maximum possible prosperity for the gas-producing States, I believe that their welfare and well-being will best be served by the defeat of this measure. I hope they will have enough confidence in the Federal Power Commission to leave the regulation of their rates in the hands of that Commission.

We consumers are captives of the gas producers. We are at their mercy. The arm of Government can and must protect us. It can only protect us under present circumstances through rate regulation vested in the Federal Power Commission.

EXHIBIT 1

OFFICE OF THE MAYOR,
City Hall, January 24, 1956.

Mayor Robert F. Wagner, chairman of a committee of 259 mayors organized to oppose the enactment of the Harris-Fulbright natural gas bill, today announced that he was calling upon all his committee members to "voice again their firm conviction that the interests of over 30 million captive natural-gas consumers whom they represent require the defeat of this bill and any other bill intended to lift Federal controls from natural-gas producers.

"It is essential that the millions of consumers throughout the Nation represented by this large group of mayors be advised immediately of the full impact of increased gas costs which would inevitably result from any elimination of existing controls," Mayor Wagner said. "Informed experts have estimated that removal of controls will increase gas customers' bills by as much as $800 million a year, with individual consumers paying an additional $40 to $50 annually. The extensive discussions about the bill have made it clear that there is no sound reason for imposing this additional heavy charge upon consumers. On the contrary, producers of gas do not deny that they are enjoying handsome profits, to a large extent tax free because of the availability of a 27½-percent-depletion allowance."

Mayor Wagner, joined by other executive members of the mayor's committee, Mayors Dilworth of Philadelphia, Lawrence of Pittsburgh, West of Nashville, and Zeidler of Milwaukee, emphasized that the "biggest and most important objective of our associates on the committee of mayors will be to acquaint our constituents with the facts in order that they might make their views known at this critical time to their Senators who are now debating the bill." Mayor Wagner continued:

"Together with other members of the mayors' committee, I testified in 1955 before a congressional committee and outlined in detail the deficiencies of the bill. I am pleased to note that major metropolitan newspapers which have recently made thorough and objective studies of the bill have uniformly concluded that the bill should be defeated in the best interest of the consumers and the Nation as a whole.

"In light of the heavy and unnecessary burden that this bill would impose upon consumers, a brief restatement of some of the important reasons for retention of Federal regulation may be helpful.

"Contrary to the claims of the gas producers, the natural gas industry is a monopoly. Consumers have traditionally been afforded essential protection from monopolies by way of price regulation. The undeniable fact is that a handful of large producers control over 80 percent of natural gas production in this country. There is no real competition among producers. Rather, since the demand for natural gas exceeds the supply, the only competition is among consumers.

"Nor is there any real merit to the producers' claim that price regulation after the product has entered the pipeline affords adequate protection to the consumer. Freedom from regulation at the source of production substantially defeats all attempts at regulation when the product is in course of transmission and distribution.

"There is even less merit to the producers' argument that increases in field prices will be relatively small. An increase measured even in pennies rapidly mounts to huge sums drawn from the pockets of the consumers. There is strong evidence supporting the conclusion that the increase in price per thousand cubic feet will be measured in dimes rather than pennies.

"The plain fact, unchallenged in all discussions, is that the removal of regulation proposed by the Harris-Fulbright bill will result in an increase in the price of gas to millions of American families who have made a tremendous investment in the purchase of gas appliances in the expectation of continued reasonable charges. The imposition of another burdensome price increase upon consumers who have already been subjected to several successive price increases constitutes an unjustifiable breach of faith, particularly with those consumers who are in no financial position to reconvert to other fuels.

"The necessity for immediate, continued, and vigorous opposition to the bill is further emphasized by the massive publicity campaign now being conducted by the natural gas lobby in an attempt to confuse the public.

"Among other misleading statements, the lobby says that 'a handful of utilities, led by big eastern interests, advocate' regulation of natural gas producers, attempting thereby to give the impression that the opposition to the bill is limited to eastern utilities. The fact is that public-spirited consumer and labor groups, as well as our committee of mayors, representing communities throughout the Nation and over 30 million families, have been and are vigorously opposing the bill. Insofar as some local utilities also oppose certain portions of the bill they are to be commended.

"Senators LEHMAN and IVES, of New York, have already announced their opposition to the Harris-Fulbright bill. I count upon my fellow members of the mayors' committee to advise their Senators and constituents of the consumers' viewpoint and the urgent need to register that opposition immediately."

EXHIBIT 2

STATE OF NEW YORK,
PUBLIC SERVICE COMMISSION,
Albany, December 30, 1955.

Hon. HERBERT H. LEHMAN,
Senate Office Building,
Washington, D. C.

DEAR SENATOR LEHMAN: When Congress reconvenes next week we understand that one of the first items of business before the Senate will be action on S. 1853, the Fulbright bill to exempt producers of natural gas from Federal regulatory control. This bill was favorably reported out of committee at the last session, and its companion House bill, H. R. 6645, has already been passed by the House.

Our study of the Fulbright bill, made against the background of our extensive knowledge of the distribution end of the natural-gas business in New York and our more limited, but still fairly wide, knowledge of the transmission and production segments of the industry, has convinced us that passage of this bill will be highly detrimental to the ultimate consumers of natural gas in this State. Consequently, we strenuously urge your active opposition to this bill.

A more detailed statement of our position is enclosed for your information. It supplements Commissioner Mylott's statement before the House committee considering the Harris bill, a copy of which was forwarded to you on April 29, 1955. Both this letter and the enclosure have been approved by the full commission.

With kind regards,
Sincerely yours,

BENJAMIN F. FEINBERG.

UNITED STATES SENATE,
January 6, 1956.

Mr. BENJAMIN F. FEINBERG,
Chairman, Public Service Commission of the State of New York, Albany, N. Y.

DEAR COMMISSIONER FEINBERG: I have your letter of December 30, and am pleased indeed to know of the stand taken by the Public Service Commission on the Harris-Fulbright bill. It should be almost unnecessary for me to tell you that I am strongly opposed to this legislation and will work for its defeat. I am very glad to have the analysis of the bill, prepared by the PSC, and I assure you that it will be useful. Indeed, I expect to refer to it on the floor of the Senate, if and when debate on this subject starts and, were it not so long, I would want to introduce it into the CONGRESSIONAL RECORD right now.

Please convey my respects and my sense of gratification at the action taken by the commission to your colleagues on the commission and express my special greetings to my very good friends, Commissioners Balch and Jacoby.

Very sincerely yours,

HERBERT H. LEHMAN,
United States Senator.

STATEMENT OF PUBLIC SERVICE COMMISSION OF THE STATE OF NEW YORK ON S. 1853

The Legislature of the State of New York created the public-service commission to insure that consumers of utility service in this State would enjoy the benefits of just and reasonable rates. In fixing the rates gas-distribution companies may charge consumers in this State, the commission must consider all of the distributors' costs, including, obviously, the cost of acquiring the gas they purchase for resale. However, since virtually all natural gas sold in this State enters from out-of-State sources, the price at which such gas enters New York is beyond the control of State regulation. It was to close this hiatus and thereby assure adequate protection for the ultimate consumer that Congress passed the Natural Gas Act in 1938, giving the Federal Power Commission regulatory jurisdiction over every "sale in interstate commerce of natural gas for resale for ultimate public consumption."

Pursuant to the mandate of the Natural Gas Act, the Federal Power Commission thereupon commenced regulation of the transmission portion of the natural-gas industry. However, notwithstanding the language of the act just quoted, the Commission held that it lacked jurisdiction over the sales made by independent producers [1] in interstate commerce of natural gas for resale. This self-imposed limitation was swept aside by the Supreme Court of the United States on June 7, 1954, in the celebrated Phillips decisions. Since that date, the Federal Power Commission, in accordance with the legislative mandate of the Natural Gas Act as interpreted in the highest court in the Nation, has with some reluctance undertaken to regulate producers.

The producer interests are now before Congress urging that they should be exempted from regulation. But exemption would reopen in part the very hiatus closed by the Natural Gas Act and would work to the detriment of the ultimate consumers in New York and other gas-consuming States.

Although both the Senate bill and its House counterpart contain some moderately elaborate window dressing, ostensibly giving the Federal Power Commission jurisdiction to nullify producer rates in excess of the reasonable market price, we are convinced that such statutory language, if enacted, would furnish no protection to the ultimate consumer against unjust, unreasonable and excessive producer rates. Currently and for sometime the market price has been established by wholly artificial means. It is not established as the result of the free interplay of forces of competition or of the laws of supply and demand. Rather, it is attained as the result of self-serving, insidious, so-called escalation or favored-party price-fixing clauses contained in virtually every producer-pipeline contract. Under these clauses the price paid at every wellhead skyrockets automatically whenever an additional source of supply is tapped at a higher price. Thus, one purchase of an infinitesimal amount of gas can and often does establish a uniform so-called market price for an entire area and under these boot-strap clauses the fluctuation can only be upward, never downward. The enactment of a statute prescribing the reasonable market price as the standard of measurement of just and reasonable rates to producers would thus in all likelihood merely lend legislative and administrative sanctity to the process by which natural-gas producers are now attempting to take advantage of the tremendous captive market they command. Rates so established would obviously be fixed by reference to what that market (i. e., the ultimate consumer in the gas-consuming States) will bear.

The matter is a complex one, involving tremendous amounts of money,[2] and its full understanding requires a brief summary of the recent history of natural-gas prices.

The bulk of natural gas consumed in this country is produced in the Southwest, far distant from the market areas of the North. In particular, most of the gas now being used in the State of New York is produced in the States of Texas and Louisiana.

Prior to the conclusion of the Second World War, natural gas in the Southwest was, in large measure, a useless byproduct of oil production and was frequently flared as a waste product. However, in the postwar era a vast new network of pipelines was built to carry natural gas from the Southwest to the North. During this era, and through the early 1950's, the transmission companies serving the New York area paid producers prices ranging from perhaps 6 cents to 10 cents per thousand cubic feet. Even as recently as early 1954, a price in excess of 10 cents per thousand cubic feet was unusual.

However, during the past year, the price has shot up to between 17 and 21 cents per thousand cubic feet, and two of the principal pipelines serving the New York area have recently been authorized to acquire substantial additional volumes of gas in southwest Louisiana at 17 and 18 cents per thousand cubic feet.

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[1] An independent producer being a producer not affiliated with a transmission company.

[2] At December 31, 1954, the estimated United States natural-gas reserves were 211 trillion cubic feet. This means that for each 1 cent per thousand cubic feet increase in the price of gas, the value of those reserves to their owners increases over $2 billion.

The end does not appear to be in sight. In a recent FPC case to which we were a party, a representative of one of the larger producers of natural gas indicated that his company was thinking in terms of an immediate price of 25 cents per thousand cubic feet with rises to 30 or 40 cents per thousand cubic feet in the foreseeable future.

In none of the many FPC cases to which we have been a party has any producer alleged that a price of 15, 16, or 17 cents per thousand cubic feet was necessary in order to enable him to make a reasonable profit, or to enable him to raise new capital for further exploration. Basically, the sole line of proof which we have heard adduced is that the transmission companies are willing and can afford to pay the higher price. Of course, the transmission companies pass along any increase in the price they pay the producers, to their distributing company customers, and these companies in turn pass along such increases to the ultimate consumers.

If S. 1853 is enacted into law the result will be that the rates charged by a distribution company to its consumers will be regulated by State regulatory commissions such as the public service commission, the rates charged by transmission companies to such distribution companies will be regulated by the Federal Power Commission, but the rates charged by the producer to the transmission company will be beyond any effective control. We desire to make it just as clear as we can that producer rates, whether regulated or unregulated, will be paid for by the ultimate consumer.

We are not opposed in principle to legislation which would amend the Natural Gas Act in favor of the producer, so long as any such change would still protect the ultimate consumer. It is because we are convinced that S. 1853 does not do this that we urge your opposition to the bill.

Mr. PAYNE. Mr. President, as a member of the Committee on Interstate and Foreign Commerce, the junior Senator from Maine has given thorough study to S. 1853, a bill to amend the Natural Gas Act, which is currently under consideration by this body. I voted to report the bill to the Senate for debate when that question was before the committee. At that time I filed a statement of independent views endorsing the bill in principle while indicating that I had certain reservations in regard to the use of the phrase "reasonable market price." I ask unanimous consent that my statement of independent views be printed at this point in my remarks:

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

VIEWS OF MR. PAYNE

While in general agreement with the purposes of S. 1853, a bill to amend the Natural Gas Act, as amended, insofar as it would exempt independent producers and gatherers of natural gas from strict public utility regulation under the Natural Gas Act as interpreted by the Supreme Court in the case of *Phillips Petroleum Company* v. *Wisconsin* (347 U. S. 672), it is the opinion of the undersigned that the recommendation of the Federal Power Commission for use of the phrase "just and reasonable price" should have been incorporated in the bill in lieu of references to a so-called reasonable market price.

In its report on S. 1853, dated May 6, 1955, the Federal Power Commission stated:

"The phrase used in the bill for the Commission to consider in fixing the allowance of payments by interstate pipeline companies to producers is that the payments to producers shall not be in excess of the market price or the reasonable market price. This seems to be less definite than the phrase just and reasonable price and the latter appears to be proper."

The phrase "reasonable market price" is a new and undefined regulatory standard; its inclusion in the basic law will leave the Federal Power Commission with a burdensome discretion which may well precipitate endless litigation and create uncertainty in the law, opening the door to the possibility that consumers may not have adequate protection from excessive increases in the price of natural gas in the future.

In a matter of this nature the Congress must carefully weigh the needs of the industry against the consumer interest in arriving at a national policy. The undersigned has carefully reviewed the hearings, reports, and proposed legislation. It is felt that the independent producers have made out a good case for exemption from certain phases of strict public utility type control and regulation. In analyzing the present price structure of the industry, it is clear that the price of natural gas at the wellhead is a relatively minor factor in the price to the consuming public and that the greater portion of the consumer price is for transmission of the gas from the fields to the consumption centers and for actual distribution to consumers. However, unless the language in the law itself spells out the standard for the degree and type of control over the producers which the Federal Power Commission is to exercise, wellhead prices might become a more appreciable factor in determining the price to the consuming public in the future.

If the standard to guide the Federal Power Commission is spelled out in the law as the just and reasonable price it is believed that between the Federal Power Commission, with its jurisdiction over interstate commerce, and the State regulatory commissions, with their jurisdiction over intrastate commerce, all components of the industry will be under reasonable regulatory control and consumers will be provided reasonable protection without unnecessarily hindering the development of the industry.

While the undersigned voted to report the bill to the Senate, he did so because it was felt that this matter should not be further delayed in committee and should have complete and full consideration and debate by the Senate itself in fairness to both consumers and producers.

The undersigned specifically reserves the right to offer and support amendments on the Senate floor to establish the regulatory standard of "just and reasonable price" recommended by the Federal Power Commission and to otherwise improve the bill.

Mr. PAYNE. Mr. President, since filing that statement of independent views last July the junior Senator from Maine has had an opportunity not only to give further study to this question; but also to analyze the application of just and reasonable price" to the natural gas industry as it may relate to consumer interest, national policy, and the ability of the Federal Power Commission to establish a yardstick that would be both fair and equitable to all concerned.

As an accountant, this study has completely convinced me that the just and reasonable price yardstick cannot and should not be applied to natural gas producers as the courts have held repeatedly that this is strictly a public utility phrase and as such it, of course, must be interpreted and applied on the long established and well-documented strict accounting basis relating to public utility regulation.

To propose application of this criterion in determining the price for natural gas producers is to simply and plainly transform these producers into public utilities. In my judgment natural gas producers are not public utilities and never should be so classified. There is a very broad principle of national policy involved here which would completely reverse long established concepts if the position of the opponents of this measure was to prevail.

Mr. PASTORE. Mr. President, will the Senator from Maine yield?

Mr. PAYNE. May I suggest to my dear friend, the Senator from Rhode Island, that I would much prefer, if agreeable, to continue with my speech, because there are certain points which I wish to make very plain. Then, if sufficient time remains, I shall be most happy to attempt to answer any questions which may be raised.

Mr. President, to me, no regulatory commission, however well-intentioned, could possibly hope to devise a fair and equitable pricing formula on a cost-plus-profit base for such a variable risk-taking industry.

Furthermore, while some of my colleagues do believe sincerely that we can use the cost-plus means of regulating field prices of natural gas without undue risk, it is my considered judgment that consumers depending on interstate shipments of natural gas would be penalized by such a formula and that my colleagues may do a great disservice to the consumer because of a failure fully to understand the complete problem.

Public utilities are single-service industries that are granted a monopoly of that particular service, and whose costs of performing that service are capable of accurate determination. Having determined such cost, an addition of 6 percent on capital invested, divided by estimated units of service to be sold, would result in an approved, long-accepted "just and reasonable price" yardstick.

Let us see what happens if we try to apply this procedure to natural gas.

It is possible, limiting ourselves to theory, to develop a hypothetical case in which utility regulation could be applied. Let us say that John Smith, a single operator getting into production for the first time, has drilled a well that taps an estimated billion-cubic-foot reservoir of completely dry gas. His ascertainable costs of drilling and operation come to $100,000. We divide the 1 billion into the hundred thousand and get a cost of 10 cents per thousand cubic feet. We might then set the price to cover the initial investment, plus operating expenses, plus a margin sufficient to result in a return of 6 percent after taxes. This sounds simple enough in theory, but would present insurmountable difficulties in practice.

We face no mere theory when we contemplate control over the producers. We face hard facts that have the unfortunate habit of presenting anything but the simplicities of theory.

Take but a single well as it exists in actuality rather than as a hypothetical case. It is the project not of John Smith alone in first-strike success but of a partnership of three. Richard Roe, one of the other partners, has been in on 13 dry-hole ventures in discouraging succession before this. Edward Edmund-

son, the third partner, has been in on four previous failures. What, now, can you say of the cost of this particular well when finally it is brought in? Shall three different prices be assigned to the production?

Or try another question—how much gas will this partnership's well eventually produce, anyway? It makes quite a difference in the preceding example if the well is estimated to produce over its life 1 billion or 2 billion cubic feet. In practice the question is unanswerable until the well is finally abandoned. Drilling to completion depth, this partnership may have logged three possibly productive horizons at shallower depths. No one can tell whether they will produce, much less how much, until the casing has been perforated there some years from now. And even the yield from the well they have presently tapped is a matter of slightly educated guesswork predicated on arbitrary assumptions. If the reservoir is so-and-so big, as indicated, and if pressures can be maintained at these-and-that levels, and if the porosity averages such and such, then probably the total yield of gas will be this answer. That is the best any engineer can do. Given competitive pricing, it matters little whether he is 10 or even 20 percent off in his calculations. Everyone knows he is no crystal-ball oracle. But given rate regulation on cost, an error of 10 percent in the calculations would more than wipe out all profit. Would an engineer care to stake his reputation on a guess whether a given well would yield a trillion cubic feet or only 900 billion? The precise calculations of utility rates down to fractions of a cent are simply not applicable, when dealing with such imponderables, and to develop a sound and practical accounting formula to determine cost under such conditions as these is impracticable, if not impossible.

Yet even this does not exhaust the catalog of difficulties. Today this well as it exists in actuality is producing, not just dry gas, but some oil and some recoverable condensate. Worse than that, the rate at which it is producing this crude and condensate today is not necessarily the same rate at which it will produce them a month from today. What now do we do about determining the actual cost of the gas production alone? Do we simply disregard the value of the associated products? Do we arbitrarily assume some dreamed-up average ratio and apportion costs by guess? Do we meter production daily and adjust the rate to all the fluctuations of flow? Do we fix a price for the crude and condensate even in the absence of legislative authority?

I ask these questions and am only glad that I do not have to answer them. No person, no agency—not even a super Federal Power Commission—could possibly answer them satisfactorily. Arbitrary and very flexible judgment would have to be applied.

This is the kind of difficulty—insuperable difficulty—into which we run if we consider just a single well in the effort to determine true cost. Move back a step to consider the multiplicity of actual wells, and the problems multiply geometrically. For immediately we are involved in the intricate complexities of relative fairness.

The late Justice Jackson, in the Hope natural gas case, took judicial notice of the most salient of these problems when he commented:

> Let us assume that Doe and Roe each produces in West Virginia for delivery to Cleveland the same quantity of natural gas each day. Doe, however, through luck or foresight or whatever it takes, gets his gas from investing $50,000 in leases and drilling. Roe drilled poor territory, got smaller wells, and has invested $250,000. Does anybody imagine that Roe can get or ought to get for his gas 5 times as much as Doe because he has spent 5 times as much? The service one renders to society in the gas business is measured by what he gets out of the ground, not by what he puts into it, and there is little more relation between the investment and the results than in a game of poker.

It is small wonder, since he saw the problem so clearly, that the Justice applied to the utility rate-base method suggested for gas production the telling adjectives "fantastic" and "delirious."

Yet even his analysis goes to only part of the difficulty. Unfortunately, what he considered a pertinent question has not had the answer it deserves. There really are some who imagine that Roe, under the circumstances, ought to get five times as much as Doe. There are some who argue in seeming seriousness that such a utility rate formula should be applied. What I have yet to hear is anyone explain what is to happen as a practical matter if a system of cost-plus or "just and reasonable price" is applied.

Let us suppose, by stretching the imagination, that the Federal Power Commission worked out some average, arbitrary formula for calculating costs and see what would happen in the case of discovering gas in, let us say, southern Louisiana. Company A, efficient or lucky or both, has low costs and can justify a price of only 7 cents a thousand cubic feet for its production by the assumed formula. Company B, inefficient or unlucky or both, has high costs and can justify on the arbitrary costing formula a price of 16 cents a thousand. Then let us further suppose, which takes no stretch of the imagination at all, that the intrastate competitive market price, beyond the reach of Federal regulation, is 12 cents per thousand cubic feet. Where will company A sell its output? It will sell it in the intrastate market where it will be paid 5 cents per thousand cubic feet over its cost. Where will company B sell its output? Not in the intrastate market, where the price is 4 cents below its cost, but in the interstate market, where it will receive its cost of 16 cents plus 6 percent. The insertion of the words "just and reasonable price" in this bill will drive the high-cost gas into interstate commerce and the low-cost gas into the intrastate market. The consumers in our nonproducing States will be the victims of such a move.

These are only a few of the consequences of chaos that must inevitably follow an attempt to impose utility-type regulation on the producers. But the repetition of specifics could serve only to underline the one conclusion—this formula cannot reasonably be applied.

Let us, then state the problem as it really exists. If we substitute the words "just and reasonable price" for the phrase "reasonable market price" in the pending bill, we will be voting for direct utility-type regulation of the producers. It can be concluded that if we impose on the producers direct utility regulation on a cost-plus rate basis, we will condemn gas production to chaos.

That conclusion, though, leaves us with a question: Is it possible nonetheless to erect consumer safeguards beyond those naturally and automatically provided by producer competition? The answer is "Yes," and it lies in the very phrase around which this discussion revolves. The bill before us provides such safeguard by allowing the Federal Power Commission to disallow anything above a "reasonable market price" as the wellhead value of gas.

It has been contended, but without supporting facts, that the phrase "reasonable market price" is meaningless. It involves denying to words any meaning at all. The fact is that this phrase is not only definable, but already has been defined.

"Market price" itself, of course, is a term with clear legal meaning. A market price is one set between a seller and a buyer who are equally free to bargain. It is a competitive price, a nonmonopolistic price.

The opponents of the bill rest their case for utility-type regulation on the premise that a monopoly or a semimonopoly exists in natural-gas production which makes such strict regulation essential.

The facts clearly indicate that there is no monopoly in natural-gas production. There are more than 8,000 competing producers in this industry. The records show that the concentration of control over output is lower in natural-gas production than in 382 of our Nation's 452 industries. They show that field prices for natural gas have fluctuated in almost textbook accord with the shifts of competitive pressures. No single one of the many economic tests the experts apply, in fact, gives the slightest indication of monopoly in gas production. The simple truth is that the advocates of utility-type control cannot really substantiate their charge of monopoly in this field.

Mr. FULBRIGHT. Mr. President, would the Senator from Maine wish to yield at this point?

Mr. PAYNE. I have requested, I may say to my good friend from Arkansas, that I might be permitted to complete my speech because of the limitation of time under which I am speaking by agreement with the Senator from New York [Mr. LEHMAN]. Then, as I have stated to the Senator from Rhode Island [Mr. PASTORE], who asked me to yield earlier, if it be permissible, and if time can be arranged in which to do so, I shall be happy to answer any questions which may be raised.

Mr. FULBRIGHT. I thank the Senator.

Mr. PAYNE. Mr. President, in order to provide thorough consumer safeguards, however, the authors of this legislation have introduced a qualifying adjective before the "market price" phrase making it "reasonable market price."

As the House Committee on Interstate and Foreign Commerce observed in its report recommending passage of the Harris bill:

> The addition of the word "reasonable" to the familiar term "market price" is to be viewed in conjunction with the requirement in the bill that in making its determination the Commission shall consider, among other things, whether such price was competitively arrived at, the effect of the contract upon the assurance of supply, and the reasonableness of the provisions of the contract as they relate to existing or future prices. When these provisions are all read in the light of each other, it is apparent that the Commission is not narrowly limited in the matters which it may consider in determining the reasonable market price, but that instead the Commission may look to all of the factors which are properly relevant. Among other factors requiring recognition and consideration are (1) the quality of the natural gas being purchased; (2) conditions of delivery; (3) the level of prices established currently by generally comparable contracts; (4) prices in different fields and producing areas; (5) whether such prices and the contract price have been established by arm's-length bargaining; and (6) the variation of competitive market prices.

Is "reasonable market price," then, as some contend, an entirely meaningless phrase? Quite the contrary. It is as concrete, as specific in its own way as the slow increase of judicial decision has made that other phrase, "just and reasonable price." But the phrase "reasonable market price," while providing full safeguards for consumer interest, has an inestimable advantage over this other that has been urged as a substitute. It has the advantage of not being tied to costs, which would be an impossible yardstick of variable length as a measure of proper natural-gas prices.

Let me conclude by recalling some fairly elementary, but often forgotten, economics from the history of utility regulation. There was a time in this Nation when what we now think of as utility services were being supplied by competing companies within given communities. There would be several gas companies, perhaps, several transit companies, possibly several telephone and electric companies. But it become apparent before long that, for several reasons, this competitive setup was not working in the public interest. For one obvious thing, it was annoying, and worse, to have these various companies forever tearing up property, public and private, to put in duplicating facilities. Beyond that, with all the competition, many of the companies were unable to achieve the financial stability necessary to continuous service. And most important of all, whole segments of the community were being deprived of service. There would be several companies scrambling for patronage in the densely populated areas, but none were anxious to serve outlying areas.

The solution which eventually evolved was the creation of public utilities. One company alone, it was decided, would be given the franchise to serve a community. This would avoid the waste and disruption of duplicated facilities, and would also insure a sound financial base for service continuity. Because the exclusiveness of a franchise gave the company a public character, it was delegated governmental rights of eminent domain in acquiring property; and because one purpose of the franchise was to assure communitywide service, the single company was required to accept all customers at published rates.

In passing, I should note that none of the factors involved in creation of these utilities is at work in the field of natural gas production. There is no violation of the public tranquility in the drilling of gas wells. Naturally, then, no one has suggested giving any one producer or group of producers an exclusive franchise to drill. Public welfare has not been threatened by any lack of abundant and continuous supply. Naturally, then, no one has suggested that the producers must be ordered to serve everyone who wants to buy. Drilling is done on private land after private negotiation, so there has been no suggestion of giving the producers the rights of condemnation. In truth, then, the natural-gas producers have not a single one of the essential earmarks of a true public utility. That is why the effort to force them under utility-type regulation under such circumstances to me is unsound and unjust.

I have not recited this brief history, though, to make the point that the producers are not utilities. My point is, rather, about rates.

Having established the utilities as legalized monopolies, the men in Government quickly realized they had eliminated competition as the natural regulator of rates. They had to come up with a substitute to prevent abuse of the monopoly they had created. That substitute was Government regulation, Government prescription of permissible rates.

What was the basis on which the rates were to be prescribed? Here we are at the very crux of our question. The rates to be set, it was determined, should be as close as possible to those that competition would have established without regulation. They were not, of course, to be rates that would return as large a profit as a high-risk enterprise might secure, for the risk had largely been legislated out of the utilities. Neither were they to be rates that would return only as small a profit as an investment in gilt-edged bonds would bring. While the risk was limited in the utilities, it was not eliminated. But the goal was to establish a rate which would bring a profit sufficient to attract the necessary capital, recognizing that capital could also go into industries of higher risk where the rate of return is not regulated. Given mobility of capital, the rate had to be fair, or the utilities could never attract the necessary financing. Our utility regulations were established, not to prevent the earning of profits, but actually, as far as possible, to guarantee them.

We have before us now a proposal that will, without the impossibly cumbersome apparatus of cost guesswork, insure this same end in natural-gas production. Avoiding the discouragement to incentive that is unavoidable with an artificial pricing of gas on an arbitrary costing formula, it will leave the producers free to explore, produce, and sell in confidence that they will not be denied a reasonable market price, whatever that may be, when they sell their gas. It will provide a barrier against the intrusion of monopoly, or even semimonopoly, in the determination of wellhead gas prices. And it will furnish, not just 1 or 2, but 7 separate provisions for consumer protection against even a hint of exploitation.

Approaching a vote on this bill, Mr. President, we in the Senate are confronted by fairly simple questions: Do we honestly believe in the freedom of enterprise of which so many of us speak, or do we think that only an all-powerful Government can be trusted to run our lives? Do we believe in competition to the extent that we will act to preserve and strengthen it, or do we fear the very thing that has made our Nation great?

Why should natural-gas production be singled out for utility-type regulation? Why not gasoline? Why not oil? Why not coal? They are resources used by distributing companies for the production of gas, power, and so forth. They have been produced competitively over the years, and have been sold on a competitive basis free from utility-rate regulation.

I would call your attention to what William E. Rappard, founder and director of the Graduate Institute of International Studies, Geneva, writes near the end of his remarkable little book, The Secret of American Prosperity. He says:

> We do not know of anyone who would contend that the undisputed prosperity of the American economy was not stimulated by the free and refreshing breath of competition which is constantly fanning the ardor of its equally exceptional and undisputed productivity * * * of the undoubtedly numerous causes of the productivity which lie at the root of this prosperity, it is the spirit of competition which takes first place.

It is not always relaxing to watch competition at work, for the system is one of constant tensions. Today freedom in the market place brings high prices that induce a further production to meet the demand and so lower those prices. Tomorrow, the same freedom brings amazingly low prices that discourage entry into the field of production, and so result in a new balancing of supply and demand.

Mr. President, there are always people who want to put an end to this fluctuation. If the prices are temporarily high, they want ceilings established to protect the consumers. If the prices are temporarily low, they want floors hastily built to prevent economic disaster to the producers. Over and over again they propose to freeze our flexible system at one point or another. But fluctuations like these are only part of the price we must pay for our economic freedom and progress. And that freedom itself is a thing beyond price.

Those who argue for controls propose that we now cancel competition in natural gas production, in the name of consumer protection. I may be proved wrong in my conclusion; but it is a conclusion reached only after careful study and analysis, and with all the consumer and producer interests taken into consideration. It is a conclusion which I believe to be not only fair and equitable, but in the best interests of our Nation's future progress under a free competitive system, unhampered by regimentation or impracticable and unjustified governmental controls.

For these reasons the junior Senator from Maine will support the Fulbright bill when this debate is concluded and the roll is at last called.

Mr. President, at this point I ask unanimous consent to have printed in the body of the RECORD, following these remarks, a telegram I have received from the National Grange and a telegram I have received from the American Farm Bureau Federation, both of which—representing, as they do, great organizations concerned with the well-being of thousands upon thousands of our people scattered throughout this land—express their concern regarding the proposed legislation and urge passage of the bill.

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

THE NATIONAL GRANGE,
Washington, D. C., January 13, 1956.

The Honorable FREDERICK G. PAYNE,
United States Senate,
Washington, D. C.

DEAR SENATOR PAYNE: It is our understanding that the Senate will take up the natural gas bill on the Senate floor Monday, January 16.

The Grange urges you to vote for the bill. At the Cleveland session of the National Grange, held last November, the following resolution on natural gas was adopted:

"The National Grange reaffirms its stand in opposition to the fixing of prices of natural gas at the wellhead by the Federal Government."

It is the opinion of the National Grange that there will be enough competition at the wellheads to protect the consumers, and at the same time we think that it is only fair that natural gas be priced competitively, like other fuels are. Should there develop a tendency toward monopolistic price fixing of natural gas at the wellhead, then the proper remedy would be the application of the antitrust laws. We recognize the necessity of public utility control over the distribution of natural gas where a natural area monopoly exists.

Respectfully yours,
LLOYD C. HALVORSON,
Economist.

WASHINGTON, D. C., *January 16, 1956.*

Hon. FREDERICK PAYNE,
Senate Office Building:

Enactment Harris bill to terminate Federal regulation field prices natural gas respectfully recommended. A free market in competitive conditions is most effective guarantee of continuing adequate supply and best assurance interests of producers will be protected.

JOHN C. LYNN,
American Farm Bureau Federation.

Mr. PAYNE. Mr. President, I wish to thank the Senator from New York for his courtesy to me in extending to me the privilege of making these remarks at this time.

I should also like to ask him, for the benefit of the Senator from Rhode Island [Mr. PASTORE] and the Senator from Arkansas [Mr. FULBRIGHT], whether he will be willing to permit me to yield to them for a few minutes, so that they may now ask me the questions which earlier I asked them to postpone.

Mr. LEHMAN. Mr. President, I am glad to ask unanimous consent for that purpose; and I also ask unanimous consent—which I neglected to request before—that the remarks of the Senator from Maine be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER (Mr. BIBLE in the chair). Is there objection? Without objection, it is so ordered.

Mr. PAYNE. Then, Mr. President, I am very glad indeed to yield at this time to the Senator from Arkansas.

Mr. FULBRIGHT. I thank the Senator from Maine, and also the Senator from New York.

First, Mr. President, I should like to compliment the Senator from Maine on his very able and statesmanlike speech. I believe he has analyzed the issue accurately and in a very forceful manner.

If I may, I should like for a moment to develop the idea of competition, which the opponents of this measure have ridiculed, in a sense, or have denied that it exists.

In addition to the more than 8,000 competing producers in the industry, who have been mentioned by the Senator from Maine, is it not a fact that every citizen of the United States is free to undertake to find additional supplies of gas? Furthermore, if there is a possibility of an enormous increase in the price—a prediction with which some persons attempt to frighten us—is it not true that such an increase would be a way to bring the supply back into line with the demand?

Mr. PAYNE. Of course that is correct. Furthermore, let me point out that no element of a utility exists in this field. For instance, there is no right of eminent domain. This field presents a wide-open opportunity for anyone who wishes to do so to explore the possibility of developing new sources of gas, without being hampered in any way, shape, or manner.

Mr. FULBRIGHT. I think the Senator from Maine made that point very well; and I simply wish to reemphasize it—namely, that not only is there freedom in that respect, but also that anyone who thinks there are fabulous profits to be made in this business is free to enter it at any time he wishes.

In addition, we have recently had evidence to the effect that companies in our neighboring countries of Mexico and Canada are seeking a market in the United States for their natural gas. In other words, such competition is entering this market from those two very large additional sources; is not that correct?

Mr. PAYNE. That is correct.

Mr. FULBRIGHT. So I think the point the Senator from Maine makes—namely, the point of competition existing in this business—is absolutely unanswerable; and such competition is the traditional method by which the very productive economy of our Nation has been regulated.

Mr. DANIEL. Mr. President, will the Senator from Maine yield to me?

Mr. PAYNE. Mr. President, I have already agreed to yield first to the Senator from Rhode Island [Mr. PASTORE].

Mr. PASTORE. That is quite all right, Mr. President; I am glad to wait.

Mr. PAYNE. Very well; then I am very happy to yield at this time to the Senator from Texas.

Mr. DANIEL. I thank both Senators.

Mr. President, I desire to join in complimenting the distinguished Senator from Maine upon his address.

As a member of the Senate Committee on Interstate and Foreign Commerce, the Senator from Maine had the privilege of hearing all the evidence; and, in my opinion, he could look upon it as objectively as could any other member of the committee.

Mr. PAYNE. Mr. President, let me say that I appreciate that statement. I tried to look upon the evidence objectively, as I am sure all other members of the committee did.

Mr. DANIEL. Certainly I am happy that the Senator from Maine has reached the conclusion he has, especially with reference to the necessity for using the term "reasonable market price," instead of terms which would mean a utility type of regulation; and I am also glad that he believes that passage of the bill will bring more gas into interstate commerce, and thereby will cause the price to stay at a reasonable level, as it was before we were threatened with this type of regulation.

Mr. PAYNE. That observation is a correct one. I desire to assure the Senator from Texas that, as I believe all Members of the Senate knew, I filed a separate report because of my concern over the consumer interests, and because I wanted adequate time in which to make a determination clearly and concisely in my own mind as to whether the so-called reasonable market price would stand the reasonable test of protecting the consumer interests, and would also give the natural gas industry a chance to develop, as it must develop, in order to supply the great demands this Nation has.

Mr. FULBRIGHT. Mr. President, will the Senator from Maine yield once more to me?

Mr. PAYNE. I am very happy to yield to the Senator from Arkansas.

Mr. FULBRIGHT. One other point which occurs to me is that the same Federal Power Commission will administer whichever standard of regulation is agreed upon by the Congress; is not that correct?

Mr. PAYNE. That is correct.

Mr. FULBRIGHT. So it seems to me quite unrealistic for the opponents of the bill to say that the Federal Power Commission will not enforce the standards set forth in the bill, whereas the same Commission would enforce the other standards to which the opponents refer. It seems to me that if the Federal Power Commission will enforce either one, it is just as likely to enforce one properly as it is to enforce the other properly.

As a matter of fact, did not the representatives of the Federal Power Commission who appeared before the committee indicate that the method of regulation provided in the pending bill is an easier one—one which is easier to apply, and one which they think they can apply very readily?

Mr. PAYNE. I cannot say that is exactly the statement which was made. The Chairman of the Commission raised a question in regard to the difference between the usage of the two phrases I mentioned in the course of my speech.

But I want to point out very clearly that anyone who knows the accounting formula by which public-utility rates are determined, knows very well indeed that when a given quantity of coal or a given quantity of oil having a certain British thermal unit content, is used to produce steam under a certain pressure, it is possible to make an accurate determination of the amount of kilowatts that particular force of steam will produce in going through the turbines, and with all the various factors taken into consideration.

In the case of a head of water coming down over a dam and going through the wheels into the turbines and through the generators, that value can be accurately measured. It is easy to measure costs when the factors are easy of determination, because we have to apply only known factors. But when we get into figures affecting the natural-gas business, with many different component parts to analyze, with a hole going down into the ground, and with no one but an engineer capable of making even an estimate, we have a different situation. The engineer certainly does not want to place himself in the position of trying to read a crystal ball. He must make a factual presentation as to the possible developments. However, his estimate can be based only upon what he has observed in other places. He may or may not be within a mile of the correct figure. His estimate may be less or more than the correct figure. His computation may be valueless.

From the standpoint of the consumer, there would be a great difference in the rate, which is based upon an estimate, if the figure arrived at represented an underestimate. There would be a great difference in the cost pattern to the consumer. If the figure were overestimated, there would be a serious effect in both directions, because there would be a tendency to dry up the exploration of further gas deposits.

Mr. FULBRIGHT. I did not phrase my question properly. I was trying to make the point which the Senator made, that the Commission recognizes the very great difficulties involved in arriving at cost in the gas-producing business.

Mr. PAYNE. Absolutely. Any person who has had anything to do with accounting or ratemaking bases would say that it is practically impossible, if not absolutely impossible, to arrive at a utility type of rate structure and apply it to the gas-producing business at the wellhead, just as a similar formula is applied to the normally conceived utility operation.

Mr. FULBRIGHT. I thank the Senator.

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

Mr. PAYNE. I am glad to yield to the Senator from Rhode Island. He has been very patient.

Mr. PASTORE. First of all, I wish to say to the distinguished Senator from Maine that I do not question his purpose. Nor do I question his sincerity in the presentation of the position he takes with respect to the pending bill.

Mr. PAYNE. I appreciate the statement just made by the distinguished Senator from Rhode Island. Neither do I question for a single moment the absolute sincerity of my colleague in the position he has taken. This issue affords an avenue for disagreement among people on the basis of the way they see the problem.

Mr. PASTORE. The Senator has developed a theory which has more or less amazed and mystified me. The entire thesis of the proponents of the bill has been along the line that we must either go back to a strict 6 percent return on capital, under the utility formula, or accept this bill. We have not had an opportunity to explore the middle road, so to speak, in order to do equity to the producer and the consumer.

I am perfectly willing to admit at the very outset that the producer is not precisely in the same position as the pipeline company. None of the opponents of the bill have so argued.

I am perfectly willing to admit that the producers are not in the same position as the distribution companies. No one has ever argued that. But the distinguished Senator from Maine has taken the position that unless we pass this bill we shall be in the position where we must accept the same formula with respect to the producer that we accept with respect to the pipeline company or the distribution company. That, I think, is the fallacy of the argument of the proponents.

I think I attended almost all the hearings of the subcommittee, if not all of them. I think the distinguished Senator from Maine will bear me out when I say that I took occasion during the hearings to point out that the passage of this bill would be a clear-cut victory for no one, and that an out-and-out defeat of the bill would be a clear-cut victory for no one. This problem, whether the bill is passed or defeated, will arise to plague us again, and I am afraid pretty soon.

The distinguished Senator from Maine has developed this theory: He has stated that we cannot apply the rule of a "just and reasonable" rate because the Supreme Court has said, in every case involving a public utility company, that "just and reasonable" means thus and so, which precludes the prerogative of the Congress to say what we mean by "just and reasonable" in the case of a producer or gatherer.

The argument is further developed that, after all, the only term that can be accepted as a standard and understood by all people, is the standard of a "market price," because everyone knows what a market price is. But having said that, the proponents do not terminate their argument. They go on to say that the market price which they are talking about is not the market price defined in the dictionary. What have they said? On page 6 they have said, in effect, "The market price we are talking about in the bill is not the market price which is the result of the operation of the law of supply and demand, as we know it, in free competitive enterprise."

They are telling the Commission how it shall determine the market price. In other words, the market will not determine the market price. The Federal Power Commission will determine the market price; and the proponents of the bill undertake to tell the Commission how to do it. The Senator from Maine says we cannot tell the Commission what it may do with respect to the term "just and reasonable," but that we can tell them what to do with respect to the term "market price." This is how it is done. These are the words of the bill, found on page 6, beginning in line 22, and I quote:

> In determining the reasonable market price of natural gas under the provisions of this section 5—

The framers of the bill fail to say that it shall be the result of the operation of the law of supply and demand, in an open and free market, at arm's length. Oh, no. There are gimmicks in the bill. Reading further from page 6, and I quote—

> the Commission shall consider, among other things—

Which might mean even throwing in the old kitchen sink—the bill says, "among other things." No one knows what those things are.

I invite the distinguished Senator from Maine to explain what these things are.

Continuing—

> whether such price has been competitively arrived at, the effect of the contract upon the assurance of supply—

And in that regard, I can see the Supreme Court fighting for the next decade, trying to decide what that means—

> and the reasonableness of the provisions of the contract—

That might mean anything, in anyone's language. If we take the Senate membership as a criterion, it will be split 96 different ways—

> as they relate to existing or future prices.

In the name of good commonsense, will the distinguished Senator tell me that this is "market price" as defined in Webster's dictionary?

Mr. PAYNE. Let me say to my good friend that he is making an argument, basically, which I certainly do not wish to go along with. If I correctly understand the Senator, he is trying to make the argument that we would remove the independent natural-gas industry entirely from any jurisdiction or control whatsoever on the part of the Federal Power Commission. That I will not subscribe to.

Mr. PASTORE. I do not say that at all. Let me use the very nice words used by the distinguished Senator from Maine. I listened very attentively to

what he had to say. This is the crux of his remarks. Three times he used the expression "fair and equitable." The word "equitable" means equity to the producer and equity to the consumer. When we talk about equity we balance rights. I love that expression. The distinguished Senator from Maine used it three times. I do not know whether that was done inadvertently or deliberately.

Why can we not say, in fairness to the consumer, that the price shall be a fair and equitable price, and that in determining that price the Federal Power Commission shall take into consideration "among other things"—and I am willing to accept that expression—whether it was competitively arrived at, the reasonableness of the terms of the contract, the assurance of supply, and existing and future prices? Why can we not do that and terminate this debate. The reason is, there is a gimmick in the bill.

When the proponents of the bill begin to talk about "reasonable market price," they begin by saying that the market price is the price, for example, on the basis of which a piece of property is condemned. But they say, "We do not mean that exactly."

They say "among other things." I should like to know what they are. They propose to determine whether this was done, or that was done, or something else was done. By the time we get through, the "reasonable market price" could be anything. To whose disadvantage would that operate? It would operate to the disadvantage of the poor little captive consumer, for whom everyone here is bleeding, when the sole purpose of the bill is to do one thing; namely, raise the price of gas. Amen.

Mr. PAYNE. My distinguished colleague from Rhode Island has served as the Governor of his State. I had the privilege of serving my State as its Governor. I am sure he had the highest regard for the public utilities commission which exercised jurisdiction in matters affecting the requirements of the consumer by always trying, presumably, to protect the interests of the consumer.

Let me suggest that over the years, as a result of the prices that have been developing on the transmission lines in the utilities field, as such, I have never heard such a great outburst of concern in the name of the consumer interests as I have heard in this particular case. Let me suggest that there are many interpretations that can be applied to the words "reasonable market price." If we look up the words in the dictionary, we find several definitions given with respect to what is meant by that expression. We could take the word "equitable," and by going to the dictionary we could find what that word means. We could do the same thing with respect to expressions like "just and reasonable," which is a utility phrase.

Let me say, with respect to what is meant by a just and reasonable rate, that down through the years, by test after test after test, there has been developed, through the courts by adjudication, a precise and exact meaning of the phrase, which is a strict public utility concept of ratemaking. That is why we propose a reasonable market price.

My colleagues know very well that I had considerable reservation on this proposition, because I have the consumer interests at heart now just as much as I ever had them at heart, regardless of any difference of opinion my distinguished colleague from Rhode Island and I may have.

Mr. PASTORE. I do not question that at all.

Mr. PAYNE. In order to arrive at an understanding of what we mean by a reasonable market price, it becomes necessary, unless that phrase is to be very loosely interpreted, to spell out exactly what is meant by it. It is necessary to spell out the component parts of it for the guidance of the Federal Power Commission, which will have to act in order to protect the consumer while at the same time not retarding the exploitation of further natural gas deposits in the interest of the consumer.

Mr. PASTORE. Why can we not make the same explanation with respect to "just and reasonable?" Why can we not make it in that regard just as easily? Are we not assembling here today to consider changing an opinion of the Supreme Court, with reference to producers and gatherers, by passing the pending bill? If we do pass it.

We could change the opinion of the Supreme Court by telling the Federal Power Commission what we mean by a "just and reasonable" rate with reference to the producer. Why does the Senator make that possibility seem so impossible of realization? What attracts the Senator to "reasonable market price," and what repels him with respect to the other phrase?

What is wrong with using the phrase "fair and equitable"? If we want to be fair, and if we want to be equitable, what is wrong with using that expression?

Mr. PAYNE. What does fair and equitable mean?

Mr. PASTORE. Fair and equitable means a price that is fair and equitable to the producer and to the consumer.

Mr. PAYNE. So does "reasonable market price."

Mr. PASTORE. Oh, no; it does not.

Mr. PAYNE. It does, under the criterion that has been established.

Mr. PASTORE. Why does not the Senator leave out phrases like "among other things"?

Mr. PAYNE. Because as I explained before, when a person goes to a dictionary to find the meaning of a particular phrase he finds not one meaning, but a series of different meanings.

Mr. PASTORE. Mr. President, may I ask the Senator one more question?

Mr. PAYNE. If the Senator from New York will yield further.

Mr. LEHMAN. I shall be glad to yield an additional 5 minutes.

Mr. PAYNE. I thank the Senator from New York very much.

Mr. PASTORE. I am sure the Senator is familiar with the fact that under subsection (e) of section 3 of the bill it is provided that in the case of existing contracts, a pipeline company is not obligated to pay more than the so-called reasonable market price. Is that correct?

Mr. PAYNE. That is correct.

Mr. PASTORE. If it is fair to the producer that we use a reasonable market price as a standard of measuring the cost or the value, why do we not also say, under subsections (b) and (c), that with relation to future contracts the pipeline company shall not be obligated to pay more than the Federal Power Commission holds is a reasonable market price? Why is such a provision omitted? Why is it stated that with respect to existing contracts a pipeline company shall not be obligated to pay more, but with respect to new or future contracts the pipeline company may pay more but cannot charge off more than the reasonable market price. Why is that loophole left wide open, with no restriction upon the pipeline company and the producer to be bound by the price that is fixed by the Federal Power Commission in regard to new contracts? I have been asking that question for 2 whole weeks, and I have yet not received an answer.

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

Mr. PAYNE. I yield.

Mr. DANIEL. Does the Senator from Maine wish to answer that question, or does he want another member of the committee to answer it?

Mr. PAYNE. I am glad to yield to the Senator from Texas.

Mr. DANIEL. I tried earlier in the debate to answer that question of the Senator from Rhode Island. I should like to ask the Senator from Maine if it is not true that in committee we did not have such a provision in either place. In other words, when the bill was first considered in the House, that provision was not contained in the bill. I refer to a provision that the pipeline company shall not be required to pay more.

Mr. PAYNE. The Senator is correct.

Mr. DANIEL. However, it was thought that on contracts that are already written——

Mr. PASTORE. It was thought by whom, may I ask?

Mr. DANIEL. By the House committee.

Mr. PASTORE. We are on the floor of the Senate now.

Mr. DANIEL. I know. In our committee we happened to agree with the House on most of the provisions by a vote of 11 to 4. We went over what had been done by the House. We even made the House committee report a part of our committee report by a vote of 11 to 4. In committee we saw that the House had added a provision that a pipeline company shall not be required to pay more on present contracts. Some question was raised that if we did not make specifically clear what we had in mind, under present existing contracts, the pipeline companies might be required to pay more money.

With respect to new contracts, certainly the companies can take care of themselves. It would seem to me, and it seemed to the members of the House committee and to the members of the Senate committee, that that was a fact.

Certainly one thing is sure, that the pipeline companies cannot pass onto the

consumer anything over and above a reasonable market price. It is my understanding that that is what the opponents of the bill are looking at particularly.

Mr. PASTORE. Mr. President, will the Senator yield that I may ask a question of the Senator from Texas?

Mr. PAYNE. I am happy to yield for that purpose.

Mr. PASTORE. If it is intended that the pipeline company is not to pay more than a reasonable market price, and if it is intended that the producer is not to charge or collect more than a reasonable price in future contracts, why does not the Senator so state in the bill?

Mr. DANIEL. We did not think it was necessary to do so. If the pipeline companies wish to pay more, and absorb the difference, that is all right with us.

Mr. PASTORE. That is the gimmick in the bill.

Mr. DANIEL. The Senator calls it a gimmick. Does the Senator know of any member of our committee who put that in the bill as a gimmick?

Mr. PASTORE. Oh, I think the producers wrote the bill.

Mr. DANIEL. The Senator knows better than that. I do not know why the Senator says that. I do not know what reason the Senator has for making that statement.

Mr. PASTORE. It is constantly being said that this is the bill which comes from the House, and we are always talking about what happened in the House. Let us talk about what is being done in the Senate. Let us talk about our responsibility. If we do not want the pipeline company to pay more, or if we do not want the producer to charge more, why in the name of good sense do we not say so in the bill? Why do we beat around the bush? That is what I want to know.

Why should we not use the same language in future contracts as we use in reference to existing contracts? What is so unreasonable about that request? Why are the proponents of the bill so concerned about that?

Mr. DANIEL. Mr. President, will the Senator from Maine yield further?

Mr. PAYNE. I yield.

Mr. DANIEL. I do not know whether the Senator from Rhode Island has paid any attention to what was done in the House committee. It so happened that I was paying attention to it. The Senator certainly know what went on in our committee. If he had studied the House committee's work I do not think he would charge Representative HARRIS and other sponsors of the bill with having had it drawn by the producers, because, if there was ever a bill which, after first being dropped into the hopper, was changed and rewritten, with stronger provisions put into it to take care of consumers, this is that bill. I think the Senator from Rhode Island has made a very unfair charge against Representative HARRIS and other Members of the House who I happen to know wrote certain provisions in this bill, and worked on it after many, many hours of committee sessions.

Mr. PASTORE. Mr. President, will the Senator from Maine yield further?

Mr. PAYNE. I yield.

Mr. PASTORE. I have not said anything derogatory with respect to Representative HARRIS, the House committee, or anyone else. However, it is not unusual that a bill is submitted with a great deal of mechanical work already done. All I meant to say was that the amendments were studied by the people interested in them. Of course, it was passed upon by lawyers representing the producers, every time a change was made. I do not doubt that someone looked it over.

Mr. DANIEL. Mr. President, will the Senator from Maine yield?

Mr. PAYNE. I yield.

Mr. DANIEL. Will the Senator from Rhode Island deny that those who are fighting the bill, the distributing companies, had anything to do with it?

Mr. PASTORE. Absolutely.

Mr. DANIEL. In the House committee?

Mr. PASTORE. I do not know about the House committee, but many representatives of producers and distributors have talked to me, as have representatives of consumers. It happens every day of every week. The gallery is crowded with lobbyists. [Laughter.]

Mr. PAYNE. Mr. President, let me say that my distinguished colleague, the Senator from New York, has been most kind to me, and I know he has some very pertinent remarks which he wishes to make on this subject. I think, out of fairness to him——

Mr. LEHMAN. May I say to my distinguished colleague from Maine that this is a very interesting session, and I shall be glad to yield to him another 5 minutes.

Mr. PAYNE. I thank the Senator from New York.

Mr. DANIEL. Mr. President, will the Senator from Maine yield?

Mr. PAYNE. I yield.

Mr. DANIEL. I simply wish to say, Mr. President, that if the Senator from Rhode Island will look at the House hearings and examine the work done by the House committee on this bill he will find that the House committee members rewrote the bill and added provisions to it in order to meet objections which had been brought in by distributing companies and by consumers. In my opinion, they added provisions to the original bill which would take care of the consumers against any unwarranted increase in rates. I desired to say that for the RECORD, so that it will be seen that there will be no soundness to the charge that the bill was written by the producers.

Mr. PAYNE. Mr. President, I am in a position similar, I think, to the position of my colleagues, the Senators from Oregon. We in Maine have no natural gas at the present time, and our people would like to have it. We are in a section of the country where there is no fuel except some wood.

Mr. WILEY. There is plenty of gas of another kind.

Mr. PAYNE. We hope we can bottle some of it. We do have bottle gas. A line for transmission of natural gas went up into New Hampshire. I am definitely convinced, after talking with persons in all phases of the business, that if utility regulation is continued in effect as applied to gas producers, we will not get a supply at any price. I am very much concerned over what can take place which will not be of value to the consumers in our area, because if the producers find that by getting around interstate commerce regulations that place them under the Federal Power Commission, they can put their gas into intrastate shipment, they are going to make one of the most carefully concerted drives to attract more and more industries to come into their region and use a greater supply of gas in their areas than we have ever seen up to this time. I do not wish to see that kind of thing happen in my region of the country.

When I closed my remarks I said I might be proved to be wrong, but at least I was making my observations exactly as my distinguished colleague from Rhode Island has done, with a sincere, conscientious, and honest belief that the position which I have taken is good for the consumer and good for the development of probable reserves of natural gas, which will be in the best interests of the entire country.

Mr. PASTORE. Mr. President, I do not impugn the motives, the sincerity, or the honesty of the distinguished Senator from Maine or the distinguished Senator from Texas. I merely wish to say that if we do something here in violation of the public interest, only upon the threat that if it is not done, the producers will do this and that, God save America.

Mr. FULBRIGHT. Mr. President, will the Senator from Maine yield?

Mr. DOUGLAS. Mr. President, will the Senator from Maine yield for a question?

Mr. PAYNE. I shall first yield to the Senator from Arkansas.

Mr. FULBRIGHT. In regard to the last statement of the Senator from Rhode Island as to what was said by the Senator from Maine with reference to a threat, there is no threat to anyone. The Senator was merely stating what will happen because of the economic situation.

Mr. PAYNE. I have set forth very clearly the example of one company which obtained a certain price, and another company, which was not as efficient, which obtained another price.

Mr. FULBRIGHT. There is one statement in the remarks of the Senator from Rhode Island that is not accurate. The Senator seems to assume that if any legislation happens to be beneficial to the producers it is necessarily inimical to the interest of the consumer. Our position is that if it is fairly drawn it will be beneficial to both parties. When we say it is in the consumers' interest, we do not mean that it has no relation to the interest of the producers or to the public interest, but we do mean that both parties in the State of Maine will benefit by having an adequate supply.

Mr. PASTORE. Mr. President, will the Senator from Maine yield further?

Mr. PAYNE. I yield.

Mr. PASTORE. If it is in the public interest to place under supervision gas which is sold by producers for the purpose of resale in interstate commerce,

should that responsibility not be met only because there may be a fear that the gas will not be put into interstate commerce?

Mr. PAYNE. If we wish to apply that kind of a philosophy, why do we not put straight utility-type controls on the production of coal?

Many gas companies in this country use coal to manufacture gas which is put through distribution lines for the use of consumers. Why do we not apply the utility-type control on coal mines and say "this is the proper price," because they, too, are regulated when they ship in interstate commerce? They then come under the Interstate Commerce Commission as to the rates to be paid for the hauling of the coal to the place of final manufacture. The distribution system is regulated also. Let us apply the principle clear across the board and place these things under regimentation.

Mr. PASTORE. Will the Senator from Maine permit me to answer that question?

Mr. PAYNE. Gladly.

Mr. PASTORE. First of all, the distribution company which ultimately levies the charge upon the consumer has nothing to do with the negotiations as to price between the pipeline company and the producer. The consumer will be more or less at the mercy of whatever price is arrived at between the pipeline and the producer until ultimately it is passed upon by the Federal Power Commission. That is the first reason. There is no intimacy in contractual relationship between the distribution company and the producer himself.

Second—and this is the best argument on this particular subject, and we have to realize the characteristics of this business—the consumer is strictly a captive customer, not from the point where he is attached to the service at the burner tip; but if we follow the line, it starts at the point where the gas goes into interstate commerce. So the serious question here is, Where does the regulation begin and where does it end?

In the case of coal, if a distribution company does not like the coal in mine A, where it has a right to buy its coal, it can go to mine B. If it does not like mine B, it can go to mine C.

If it cannot carry the coal by freighter, it might carry it by barge. If it cannot carry it by barge, it is likely to carry it by truck. If the transportation cost runs up, the distribution company can even pick up a bucket and get a bucketful of coal.

Can that be done with natural gas?

Mr. PAYNE. Does the Senator want to give to the producers of natural gas all the benefits which the utility companies enjoy, such as the right of eminent domain, and the other rights they enjoy? What will happen then?

Mr. PASTORE. That is where I think the proponents are missing the nicety of the question at issue. There is nothing in the Phillips case and nothing in the Natural Gas Act which says that the producer shall be controlled by the Federal Power Commission. The Senator is missing the point completely. All that the Natural Gas Act provides, by the interpretation of the Supreme Court in June 7, 1954, is this—and it is the important point: Only when—and I repeat that—only when the gas is sold for purposes of resale in interstate commerce does it come under Federal jurisdiction. So the producer is not compelled to sell in interstate commerce and be subject to Federal regulations. The producer is not bothered by any control.

All the Supreme Court said was, "Do what you want with your gas. But once you put the gas in interstate commerce, once you sell the gas for purposes of resale in interstate commerce, it is then affected with the public interest." Why? Because of the ultimate captive consumer. That is the reason why it must be supervised by the Federal Power Commission. If we forget that, we can take the whole Natural Gas Act, as I said before, and drown it in the Potomac River.

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

Mr. PAYNE. If the Senator from New York will permit me to have additional time, I shall be glad to yield.

Mr. LEHMAN. Mr. President, I think the discussion we are having today, and which we have been carrying on for the last week or 10 days, is really the kind of debate and discussion in which the United States Senate should indulge. I heartily approve of it. Far be it for me to stop this kind of debate. I am only 77 years old, and I expect to have plenty of time in which to complete my speech. [Laughter.]

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

Mr. PAYNE. With that understanding, I am happy to yield to the Senator from Illinois.

Mr. DOUGLAS. I am trying to understand the argument of the eminent Senator from Maine. Do I correctly understand him to say that if we had Federal regulation of the price of gas entering into interstate commerce, the producers would sell their gas intrastate?

Mr. PAYNE. I said they would, in my opinion, basing my feeling entirely upon the situation in the Northeast, for instance.

Mr. DOUGLAS. But the gas would not reach the Northeast because it would be sold in the South.

Mr. PAYNE. I feel that that might be so. Either that or else we would get it only at a high price.

Mr. DOUGLAS. The producers would sell their gas in the States of origin only if they got a higher price for it there than if they put it in the interstate pipelines. Is not that true?

Mr. PAYNE. It is my feeling, from the study I have made—and I have given an example in my statement—that if well A and well B produced at a cost of 7 cents a thousand cubic feet, and the fair market price in intrastate commerce was somewhere around 12 cents, but another producer struck a well, and the price of his gas got up to 14 cents, the producer who produced for 7 cents would put his gas into the intrastate field, while the higher priced gas would go into the interstate field.

Mr. DOUGLAS. There is no proposal that a uniform price should be fixed for all producers. No one has ever proposed that.

Mr. PAYNE. But the Senator should realize——

Mr. DOUGLAS. No, no. I am asking the Senator from Maine a question; he is not asking me a question.

What the Senator from Maine is saying is that if the Federal Government is holding down the price at which the gas goes into the interstate pipeline, the producers will sell their gas at home. Is that correct?

Mr. PAYNE. Will the Senator repeat his question?

Mr. DOUGLAS. If the Federal Government regulates the price at which gas enters the interstate pipeline, and thus restrains it, the producer will then sell his gas at home.

Mr. PAYNE. I do not say he necessarily will.

Mr. DOUGLAS. But he will tend to do so.

Mr. PAYNE. I think probably he will channel into his home market the gas on which he can get a better price.

Mr. DOUGLAS. And new industries will come in.

Mr. PAYNE. I think they would, if there were a definite drive for new industries. It is as if we in the Northeast tapped a great source of new power at a very reasonable rate. I have a very definite feeling that we could put on a definite drive to attract industry.

Mr. DOUGLAS. My friend, the Senator from Maine, has made a very interesting argument, because what he is saying is that if the price at which gas moves interstate is kept down, the gas will be sold at home. But it would be sold at home only if higher prices were charged for interstate movement. Then more would be sold intrastate than would be sold interstate.

But if that happened, industry would not come there. It would prefer to locate along the pipelines—at least the petrochemical industry would—and take the gas as it moves along through the pipelines. Although the price charged may go up, it would not be possible to get new industry, because industry will move in the direction of cheaper gas.

Mr. PAYNE. It generally follows that when there is a demand for a particular commodity, when that demand has been reached and supplied satisfactorily, and a great supply is coming into the area or into the country as a whole, prices automatically do not go up. Prices have a tendency to level off.

The junior Senator from Louisiana [Mr. LONG], before the Senator from Illinois came to the floor, gave a very definite example of what he believed would happen in the New York area with regard to the price of gas if certain conditions were met. I am inclined to agree with his views as he set them forth. A distribution system now exists. It is a question of whether a greater and greater volume can be put through that distribution system—and it is apparently adequate; and if a greater volume is moved through the system, certainly under the utility control at the State level, the prices will show up in the unit cost, and the price per unit

will be considerably less than it is at present.

Mr. LEHMAN. Mr. President, will the Senator from Maine yield back a half minute to me?

Mr. PAYNE. I am happy to yield.

Mr. LEHMAN. I was interested in the Senator's statement about what the Senator from Louisiana said. But the thesis of the Senator from Louisiana was that the way in which to increase the consumption of gas was to raise the price of gas. To me, that simply does not make the slightest kind of sense.

Mr. PAYNE. I did not understand that to be the observation of the Senator from Louisiana.

Mr. LEHMAN. Then I did not make myself clear in my colloquy with the Senator from Louisiana.

Mr. PAYNE. I certainly would not dispute the Senator from New York, but I did not understand the Senator from Louisiana to make such a statement. I want the RECORD to be clear.

Mr. President, I wish to thank my colleague sincerely for the courtesy he has extended to me. I appreciate it.

Mr. DOUGLAS. Mr. President, will the Senator from New York withhold the resumption of his speech until I have had an opportunity to fire one more question at my good friend from Maine?

Mr. LEHMAN. I shall be glad to do so.

Mr. DOUGLAS. The Senator from Maine has advanced the most fantastic argument I have heard in a long time. What he is saying is that the gas producers, unless they can get high prices in the North, will sell their gas locally. If they charge lower prices, that will be cutting off their noses to spite their faces. I do not think the gas industry will do that. If they favor higher prices, industry will not go there. The petrochemical industry might well go north of the gas fields and draw off the ethane from the gas and use that.

So the argument of the Senator from Maine is completely defective, wildly fantastic, improbable, has no basis in fact whatsoever, and is unworthy of consideration.

Mr. PAYNE. Let me say that if my reasoning is fantastic, if it is unrealistic, and if it is impractical, I do think it is probably not the first time such an observation has ever been made on the floor of the Senate.

Mr. DOUGLAS. That is probably true.

Mr. PAYNE. Let me merely state that what I was saying was that if the price to our people in the Northeast and the preponderance of the cost to the consumers at the present time is not due to prices to the producer at the wellhead, but is due to prices of the distribution systems and the pipelines, and if the cost continues to climb upward, even if it is not because of the producers' prices at the well, there will simply be thrown away the possibility of natural gas being used as a competitive fuel in that area, so that there will never be consumption of natural gas there, because the consumers will not pay for it.

Mr. DOUGLAS. As the Senator knows, I grew up in the State of Maine, and we had cold winters.

Mr. PAYNE. The Senator had better come back.

Mr. DOUGLAS. If I could have had the use of natural gas, it would have been a great solace. There are many consumers who would like to have natural gas, but their income is limited. If the price of gas goes up, that fuel is going to be denied to the people of Maine. So the Senator from Maine is standing in the way of heat for a very cold part of the country, and is condemning many thousands of his constituents to many cold winters. Incidentally, the price of oil would also go up, because the prices of the two fuels are interconnected.

Mr. PAYNE. The State of Maine did give to my distinguished friend from Illinois a very good background. We like to refer to him as a distinguished former son of Maine. Because he is very well versed in history and very well versed in the distribution of population in my native State and his former State, the Senator knows beyond any doubt that, beyond the Portland and Lewiston areas of Maine, we have no places of mass concentration of population to such an extent that gas could be economically fed into that area. To the best of my knowledge, Portland and Lewiston are the only two communities in my State that have gas distribution systems. The other ones which had been in existence were ripped up, and bottled gas is now furnished to the people of those areas.

Mr. DOUGLAS. It is quite cold in Lewiston and Portland, and I dislike to see the Senator from Maine standing in the way of warm homes.

Mr. PAYNE. The Senator from Illinois may be sure that the Senator from Maine will never stand in the way of progress in our State.

Mr. LEHMAN. Mr. President, will the Senator yield to me?

Mr. PAYNE. The Senator from New York has the floor.

Mr. LEHMAN. I know I did have the floor. I just wished to point out to the Senator from Maine that I realize perfectly well that the only two areas in the State of Maine which would be affected by the bill, even in the remote future, probably would be Portland and Lewiston.

Mr. PAYNE. I should like to add Auburn to those two areas.

Mr. LEHMAN. I make this very urgent plea to the Senator from Maine. There are 16 million people in the State of New York who would be directly affected by the bill. Does not the Senator from Maine think it is reasonable to take into consideration their plight, interest, and well being, in considering the pending bill?

Mr. PAYNE. The Senator from New York is correct. I want to take everybody's welfare into consideration and give it the due regard to which it is entitled; and that applies across the board.

Mr. LEHMAN. I shall touch on that a little later. I do wish to point out how it does affect the people of the State of New York.

AMENDMENT OF THE NATURAL GAS ACT, AS AMENDED—LETTER OF ALEX M. CLARK

Mr. WILEY. Mr. President, on yesterday a little altercation took place on the floor between the Senator from Indiana [Mr. CAPEHART] and myself, in which he quoted a letter which I had written to one Alex M. Clark. Apparently he himself had not read the letter, because, in the letter, I said, referring to the organization:

> They feel the organization's name is a phony and its purpose is a phony.

I said further:

> I assure you, sir, I make all the above comments not in any personal way as a reflection against you or any individual mayor or ex-mayor who happens to see things differently from myself and from my associates in our fight to protect the Nation's interest.

Yesterday on the floor I said I would consume a few moments in reply, and I have prepared quite an extended reply, showing that I was more than right in calling the organization what I did. I make no retraction because I mislabeled the group. In fact, I show that even Time magazine was fooled by the name. I have in my hand other material, which would make interesting reading in connection with the subject.

I may say, Mr. President, I have enjoyed the discussion this afternoon, and I think everyone has profited from it. I felt that there was not only the right kind of debate, but that a sense of humor prevailed throughout the debate. I am sure persons in the galleries have appreciated it.

I ask unanimous consent that the material which I have prepared in reply to what took place yesterday be printed in the RECORD following my remarks, and I ask unanimous consent that it follow the speech of the distinguished Senator from New York.

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

The material prepared by Mr. WILEY is as follows:

SENATOR WILEY RENEWS CONDEMNATION OF PHONY "CONSUMER" GAS ORGANIZATION—POINTS OUT EVEN TIME MAGAZINE WAS APPARENTLY FOOLED BY IT—URGES REAL PRO-CONSUMER AMENDMENTS TO GAS BILL

(Excerpts of address by Hon. ALEXANDER WILEY of Wisconsin, in United States Senate, Friday, January 27, 1956)

I shall comment on the pending order of business before the Senate, the Harris-Fulbright bill.

My position is, as follows: I completely oppose this bill in its present form.

I favor amendments to the bill which would be genuinely designed to protect the Nation's consumers.

But before I get into the substance of my remarks on the bill itself, I want to turn to the issue which engaged our attention yesterday afternoon.

NO RETRACTION OF CHARGES AGAINST MISLABELED GROUP

As will be recalled, my good friend from Indiana [Mr. CAPEHART] chose to take offense at an open letter which I had addressed to one of his constituents—former Mayor Alex Clark, of Indianapolis.

I regret the decision of my colleague from Indiana. No offense was intended by me. No offense was implied. No offense was justified. So, no apology will be offered.

I stated very specifically in the open letter which I wrote to Mayor Clark that I was not reflecting personally upon him or upon anyone associated with his organization. I stated that competent observers and I objected to the name of the organization. That name is utterly unjustified by the facts.

It is utterly misleading, as I shall shortly prove, by reference to no less than that that leading peridical Time.

I would not think, however, of reflecting upon a man whom I have never met, and of whom I know almost nothing at all—nor would I reflect upon a list of mayors—whether they be in Texas, Oklahoma, Florida, or anywhere else in the Union—just because they happen to disagree with me on this issue.

There are probably included in that list a good many men with whom I ordinarily might agree on a great many issues. I happen to oppose them on this issue. That is my right, and that is their right.

I think, however, that they had no business getting involved in an organization with such a deceptive name.

THE JOINT COMMITTEE OF CONSUMERS AND SMALL PRODUCERS

And what is that name? It is the Joint Committee of Consumers and Small Producers of Natural Gas.

SPOTLIGHTING WITH TRUTH

Mr. President, we have laws against mislabeling. We have pure food and drug laws. But when a special interest group puts on sheeps' clothing and attracts a lot of misinformed mayors and with some noble title like "consumer" we have no recourse to the laws. But we do have recourse to throwing a spotlight of truth on the organization, as I am doing now.

Are they afraid of the truth?

I stated in my open letter that this committee does not really represent the consumers of America. How could it?

If the Harris-Fulbright bill passes unamended the consumers will be gouged—taken for a ride.

How could this organization possibly, therefore, represent the consumers?

WHY IS THIS GROUP NOT IN FAVOR OF DOUGLAS AMENDMENT?

But what of the small producers of natural gas? Are they represented by this organization?

Well, I think we could tell the answer to that question by asking: What is the position of this organization on the proposed Douglas amendment which would actually exempt small producers from natural gas rate control?

I personally favor the Douglas amendment. I am for freeing the small producers from Federal rate regulation. I do not believe that it is necessary to subject producers who sell to the pipelines less than 2 billion cubic feet of gas per year to Federal rate control. All of these small producers combined do not control a sizable enough volume of natural gas to merit control.

Effective control can be attained by simply controlling the relatively small number of large producers who do virtually monopolize the market.

There are ample legal precedents for exempting small producers while controlling large producers.

I repeat. What is the position of the misnamed "joint committee" on the Douglas amendment?

If it is truly for the small producers, then let it come out in favor of the Douglas amendment. I have not heard a word, however, from this joint committee with regard to the Douglas amendment.

LOBBY'S TACTICS IS TO AVOID ALL MEMBERS

Its silence speaks volumes. Obviously, the people pulling the strings of this committee are not in the slightest interested in the small producer; it is the big fellows they are trying to help; it is the big fellows which they represent.

The word has gone out: "No amendments to the Harris-Fulbright bill." It must be passed intact.

Why? So the House won't get another chance to vote on it, and the people will be denied another opportunity to get their interests protected.

That is the oil and gas lobby's strategy.

Thus, we have seen that the joint committee is misnamed on both counts. It is not a joint committee of consumers; it is not a joint committee for the best interests of small producers of natural gas.

Its apparent aim is the advancing of the cause of the monopolistic forces which want to gouge the American public.

I said earlier that the name of this joint committee is deceptive. I will prove that point now.

First, I point out that our Nation's great periodicals are obviously somewhat complicating our lives and our national debates.

First, that truly great picture magazine, Life, headlines a major article on our foreign policy as though we were being pushed to the brink of war.

Then this week, its esteemed sister publication, Time, becomes confused and accidentally pushes us over the brink into at least a momentary misunderstanding on an important domestic issue.

I commend to the attention of my readers the current issue of Time magazine. In the business section, on page 78, it comments regarding the opposition of my colleague from Michigan, Mr. POTTER, to this bill. Then Time goes on to say that, ranged with Senator POTTER, is the Joint Committee of Consumers and Small Producers of Natural Gas.

That reference is, of course, utterly incorrect. The joint committee is obviously utterly opposed to Senator POTTER's position.

But here we have a leading magazine of the United States, a magazine which rightly prides itself on its accuracy, a magazine which spends literally a "fortune" to check, double check, and triple check every single word of every single line in its 52 weekly issues.

And yet, what do we find? Even Time magazine has been misled by the title of the joint committee. If Time magazine, with its skilled researchers, can be misled, what may we expect of the rest of the Nation? Of course, there are lobby groups on both sides of this issue. That is their prerogative. But let's get the lobbies straight and let none of them deceive us.

Now, with regard to the foreign policy controversy, fortunately, Mr. Henry R. Luce, in his statement of this week, has with commendable forthrightness and dispatch (and in a manner which we would expect from so honored an American leader), set the matter straight on the "brink of war" article.

And no doubt, very soon Time's "letters" editor will be correcting the blooper on Alex Clark's committee.

Time-Life, Inc., is commendably prompt in correcting its very rare errors.

But how about former Mayor Alex M. Clark? Will he correct the misleading title of his group?

CLARK AND CLARK, A CURIOUS COINCIDENCE

And let me ask another question. Former Mayor Joseph Clark, of Philadelphia, had headed up a group of dedicated mayors who have wisely banded together to fight the genuine consumers' fight on this issue.

Is it a coincidence—mere coincidence—leading to mere accidental confusion—that another Clark now pops up and heads an opposite-type committee?

It reminds many people of the time when the late Senator George W. Norris, of Nebraska, was running for another term in the Senate and the desperate opposition found another man named Norris to run against him, along with other opposition, so as to split away his vote by planned confusion.

The tactic didn't work then. I trust it won't work now.

I remarked in my open letter to former Mayor Alex Clark that, in my judgment, the folks of Indiana like frankness, as we in Wisconsin like frankness. I was not and am not going to pussyfoot in my comments to former Mayor Alex Clark. As a man who has been in public life, and as a Hoosier, I know he would not want me to pussyfoot in talking with him.

WISCONSINITES RECOGNIZE SPECIAL INTERESTS

We, of Wisconsin, have a good nose for phony organizations. The State of Wisconsin has one of the most outstanding records in the Union for fighting special interests and organizations dedicated to special interests.

I ask my colleague from Indiana this question: Suppose we in Wisconsin were to find that an organization has been hatched, called the Joint Committee of Producers of Natural Dairy Products. And suppose we were to find that this so-called joint committee actually represented not natural products, but synthetic products—artificial concoctions—not, let us say, nature's fluid milk, but some chemical concoctions made in a laboratory.

Obviously, under the circumstances, we would have the perfect right to term the organization "a phony." We would demand that the organization parade under a real name—under its own colors. We Americans believe in hoisting our true colors to our mast and not in flying under false colors.

This misnamed committee, with offices in room 220 of the Washington Hotel should therefore rename itself, in the interest of fair play and forthrightness.

The members of the committee, who are probably estimable gentlemen, should ask that the committee rename itself so that it does not deceive Time magazine; does not deceive the Members of the Senate and does not deceive the members of the public as a whole.

PADDING OF ALEX CLARK COMMITTEE

I should like to make just a few final comments on the subject of the list of mayors purportedly supporting Mayor Alex Clark's committee.

This list was inserted in the CONGRESSIONAL RECORD yesterday, beginning on page 1376 by my colleague from Indiana, Mr. CAPEHART.

It is, of course, important to devote some time to analyzing this list, and I have not had as yet very much time.

It is obvious, however, that the list is completely padded.

In the first place, obviously Mr. Alex Clark lists mayors of States producing natural gas.

In the second place, when he gets around to listing States where natural gas is not produced, we find that most of the mayors on his list come from the tiniest communities, many of which do not have gas service.

Of course, these communities are entitled to speak their position. But it would be one thing to claim to speak for a city of, let us say, 150,000, and it would be another thing to speak for a community of, let us say, 1,000.

The State which has the most names of mayors listed on the Alex Clark Committee is Minnesota. Seventy-four mayors and communities are listed. Of these, however, only 13 have populations in excess of 2,000.

In one town, Windon, he lists both the mayor and the mayor-elect.

One might ask Mr. Alex Clark what is the position of the present mayor of Indianapolis who succeeded him. If he wants to list a former mayor and a present mayor, why does he not refer to his own home town?

In the whole State of Connecticut, he lists merely two towns. In Delaware, only one. In Georgia, only seven small towns. And, yes, in Indiana, only six.

The great State of Virginia is represented by only one mayor. I think that the Mother of Presidents is entitled to be represented a

bit more when someone attempts to speak for her.

Five towns are listed in my own State of Wisconsin. The mayors of these towns have a perfect right to speak. I do not criticize them at all in whatever views they may personally hold. But, obviously, they do not, by the wildest stretch of the imagination, speak for the whole State of Wisconsin. And they certainly do not speak in this instance even for the cities of La Crosse, Jefferson, Sauk City, Green Bay, and Tomah.

I have previously placed in the CONGRESSIONAL RECORD a detailed listing of the dozens of expressions from mayors and common councils all over Wisconsin, supporting my position and opposing the bill.

And lastly, we get around to the State of New Jersey. I should like to point out that the Atlantic City Press of January 16, 1956, exposed the facts in the attack which Mr. Alex Clark led against the South Jersey Gas Co., a distributor of natural gas in southern New Jersey.

In his attack, Mr. Alex Clark purported to have the support of 10 mayors in his attack on the company.

Four of these mayors were interviewed by the newspaper, and all four denied that they supported Mr. Alex Clark, or that they had even given their names to be used.

Mayor Joseph Altman, of Atlantic City, stated that he had been innocently led into lending his name to the committee by a resort oil-company representative, according to the Atlantic City Press. He said that he had requested further information, but never heard again about it until his name turned up in a news release.

"I am very suspicious and angry," Mayor Altman said.

Perhaps Mayor Altman is not alone. Perhaps, as seems likely, Mr. Alex Clark has been listing people whom he has no right to list.

I shall have more to say on this whole subject of Mr. Alex Clark's committee list a little later on. I do so merely to set the record straight. I do so, so that Members of the Senate will not be deceived into giving credence to his list.

It does not speak for the consumers. It does not speak for the small natural-gas producers.

But enough on this matter.

Let the record now speak for itself.

FURTHER COMMENTS NEXT WEEK

Now, Mr. President, it had been my intention to address myself today to the substance of the Harris-Fulbright bill, and in particular to that fantastically inept yardstick for regulation which it offers, the so-called reasonable market price yardstick.

I find, however, that my schedule requires that I now briefly set out once more for my State, to fulfill several speaking engagements.

I must necessarily, therefore, defer the bulk of my remarks until my return early next week.

THE REASONABLE MARKET PRICE YARDSTICK

I believe that it would be well, however, that we turn our attention to expert comments on the yardstick, which has been delivered before the House Interstate Commerce Committee in April of last year. They were submitted on behalf of the organization which, in my judgment, has done the most outstanding job of any similar comparable group in America on the natural-gas issue, namely, the Public Service Commission of Wisconsin, ably headed by James R. Durfee.

In his brief filed with the House Interstate Commerce Committee, Commissioner Durfee utterly demolished the reasonable market price yardstick.

I ask unanimous consent that excerpts from his brief be printed at this point in the body of the CONGRESSIONAL RECORD. They get to the heart of the problem far better, I believe, than virtually any other single presentation of similar material, with the possible exception of the masterly exposition on this same point by my colleague from Illinois [Mr. DOUGLAS].

EXCERPTS FROM BRIEF FROM WISCONSIN PUBLIC SERVICE COMMISSION

THE "REASONABLE MARKET PRICE" PROVISION OF H. R. 4560

A "reasonable market field price" standard is proposed to be applied both to gas purchased by a pipeline from a nonaffiliated producer and to gas produced by the pipeline or an affiliate. "Reasonable market price" is to be determined by the Federal Power Commission in the light of (1) the effect of a contract upon assurance of supply (2) relationship of contract provisions to existing or future market field prices. The proposed standard, if it can be dignified as such, cannot be precisely defined and in the absence of specific limiting factors is an open invitation for the Federal Power Commission to approve any level of prices the producers seek. If this bill became law it could be argued with considerable merit that any field price which was less than the highest price paid in the field would have to be rejected by the Federal Power Commission because any price which is not as high or higher than existing market field prices would have an adverse effect upon future supplies and the existing level of market prices in the field. It appears to the Wisconsin commission that this provision is a one-way street and that it will accomplish for the producers everything that favored nation and escalator clauses were designed to accomplish. In other words we think the favored nation concept has been written into bill H. R. 4560.

THE PROPOSED METHOD OF CONTROLLING FIELD PRICES IS UNWORKABLE

Aside from the merits of the reasonable market price standard the method of controlling prices for gas sold to interstate pipelines is completely unworkable. You have already been told by pipeline representatives that the bill should be amended so as to make certain that the consumers and not the pipelines should pay if the Federal Power Commission finds that a contract price is not a reasonable market price. Further the pipelines want an advance commitment from the Federal Power Commission that their contractual prices are reasonable market prices. Since interstate pipelines are regulated there is no basis for burdening them with the consequences of the unworkable provisions of the proposed bill.

In the first place the limited control provided in the bill is indirect in that it extends only to the pipeline companies and not the producers. Regulatory experience over a number of years demonstrates the ineffectiveness of disallowance in operating expenses of costs actually incurred but considered by regulatory agencies to be excessive or unreasonable. This very weakness was one of the reasons for passage of the Holding Company Act in 1934. The information necessary to support reasonable market prices in the field in the light of supply and future prices is peculiarly within the knowledge of producers, to the extent that anyone knows anything about it. Certainly neither the consumers, nor the distributors, can be expected to be informed, and although the pipelines may be fairly well informed they lack the incentives to drive a hard bargain with the producers.

THE APPLICATION OF THE "REASONABLE MARKET PRICE" FORMULA TO PIPELINE PRODUCED GAS IS UNFAIR TO CONSUMERS

The proposal to allow reasonable market prices for pipeline produced gas or gas produced by an affiliate would write into the Natural Gas Act the principle adopted by the Federal Power Commission in the Panhandle case decided April 15, 1954. That decision cost the consumers of Panhandle's distributing companies some 5 to 6 million annually more than the method which had previously been employed and the end is by no means yet in sight. The cost of developing, expanding and retaining pipeline-owned gas reserves has already been paid for by consumers. A revaluation of these same reserves will place an unwarranted additional cost burden upon consumers. The principle is basically unfair to the consumers. The adoption of the reasonable market price principle means that the Federal Power Commission will be required to accord weight to field prices which are determined in part by artificial means rather than normal demand-supply relationships. These artificial props consist of prices established by application of escalator and favored nation clauses and State established minimum wellhead prices. Prices so established are not necessarily related either to cost or value of service nor do they represent prices established in a free market. The principle, in effect, allows the pipeline cost of reproduction or current prices for producd gas. Thus, the pipeline would receive a windfall amounting to many millions of dollars annually at the expense of the consumers for gas reserves previously acquired and whose cost was definitely ascertainable.

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

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

The Chief Clerk proceeded to call the roll.

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

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

Mr. LONG. The speech I have prepared will take considerable time to deliver, probably an hour. In order to expedite its delivery, and so that Senators may find the speech at one place in the RECORD, I ask unanimous consent that any interruptions may appear at the end of my remarks, rather than during the course of them, and I ask my colleagues not to ask me questions until I have completed my presentation.

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

Mr. LONG. Mr. President, the issue involved in the amendments to the Natural Gas Act is a fairly simple one. The question is whether we believe in free competitive enterprise or whether we believe that competition has failed to serve its purpose in the American economy, and that socialization, public regulation, and Federal price control must be used as a substitute.

We have before us a situation never contemplated by the authors of the original Natural Gas Act. When that bill was passed by Congress it was intended merely to regulate the pipelines which carried gas in interstate commerce, just as any other public utility would be regulated. The bill was based on simple utility principles, and no one thought it would be construed to give the Federal Power Commission the authority to fix the price at which gas could be sold by independent operators to pipeline companies. The bill passed without objec-

tion. Not a single producer appeared to oppose the bill.

The explanations given before the committees and on the floor were to the effect that the bill did not undertake to regulate the producer of natural gas, and the bill specifically stated as much. In at least 13 decisions, the Federal Power Commission so interpreted the act. Producers contracted to sell their gas relying upon that assurance. Nevertheless, we are now faced with a situation wherein the Supreme Court has interpreted the act in such a fashion as to require the Federal Power Commission to regulate a producer of natural gas on the same basis as a pipeline company.

A pipeline company is a public utility operating under a certificate of convenience and necessity. It has a contract which guarantees the monopolistic control of a particular market and assures it a fair return on the investment. It takes a minimum risk.

On the other hand, an individual seeking to develop the production of natural gas is taking great risks. He has no guaranties whatsoever. If he is exploring for gas, the chances are 8 out of 9 that his exploratory well will be a failure and that he will lose almost the entire investment in the well. Even if he is merely developing a field after an exploratory well has been drilled, each well entails a considerable risk that he will be beyond the limits of production. Even the drilling itself is subject to blowouts and similar hazards. He is not in any sense guaranteed a monopoly, and his undertaking is extremely hazardous. He is competing with 8,000 other producers of the same product. Yet the act sets but a single standard, merely referring to a fair and reasonable return on the investment. This is usually construed to mean that the person is entitled to a return of his investment plus 6 percent interest during the time that the money is tied up.

No one has ever seriously argued that this is the standard to which the producers of natural gas should be bound. Everyone agrees that gas producers are entitled to a greater return. Even the senior Senator from Illinois [Mr. DOUGLAS] with his characteristic generosity is willing to permit as much as 8 percent.

Not a single State in America attempts to place a ceiling by law on the price for which a producer is permitted to sell his gas. I repeat, Mr. President, there is not a single State in America in which gas is produced and where natural gas production has been subjected to a ceiling price, other than the limitations of free competition and contracts freely entered.

Although many statements of error have been made, no one is in position to justify Federal price control over this single industry without admitting that many other industries should be subjected to the same type of regulation and control. If the price of natural gas is to be subjected to Federal regulation and control, why should it be the only fuel so controlled? Why not oil? Why not coal? Why not iron ore, copper, tungsten, sulfur, salt, and every other mineral extracted from the soil?

If one is to say that natural gas is vested with the public interest because it is consumed in millions of homes, why not oil, which serves as the base of the fuel that moves every automobile and almost every locomotive and steamship in the land, as well as heating untold millions of homes? Granted that it is inconvenient to convert from the use of gas in household heating back to oil-burning equipment, how many Senators have tried to convert the fuel for their automobiles from gasoline to natural gas, or some other fuel? I daresay they would find the conversion equally as difficult.

In addition, it is impossible to regulate a gas well producing gas if the same well also produces oil, distillate, or other materials unless the Government is to regulate the production of the other materials as well. There is no other way upon which a cost formula can be applied to relate the price per unit of gas to the investment. In some wells drilled at shallow depth, deposits of gas are discovered, perhaps 20 times as great as in other wells drilled to greater depths and at greater cost. The fact is that competition always has been and always should be the basis upon which the price of natural gas should be determined.

Reference has been made to the increase in the cost of natural gas. Those who complain about this increase do not usually refer to the fact that more than 90 percent of the cost of gas to the consumer, more than 90 cents out of every dollar, results from the cost of transmitting the gas in interstate commerce and distributing it to the consumers in the cities.

When gas is available in large quantities, the economies of transporting and distributing this fuel make possible large economies that result in substantial savings to the consumers. For example, the ability of a pipeline to maintain a sufficient load factor so that it can obtain constant use of the full capacity of the pipeline tends greatly to reduce the cost of transporting the product. Likewise the ability of the distributor to sell in larger quantities to each individual customer makes possible a major reduction in the unit cost for gas.

It would cost hardly any more to lay a distribution line to a house if the house is using gas for household heating, cooking, and refrigeration, than it would cost to lay a distribution line to the same house if that house were using gas for cooking only. When a man comes to read the meter, the cost of that service is no greater if he reads a large number than it is if he reads a small number. Likewise, in the accounting department of a distribution company, no more bookkeeping is required to handle a large transaction than would be required to record a small one.

It is easy to demonstrate that the unit cost of gas delivered to the consumer will go down if the consumer is in position to buy more and more gas. The unit cost would tend to go up if less gas were available. The transporting people can deliver gas for a lower unit cost if they adjust their affairs to provide large underground storage capacity to store gas delivered near the market area during summer months, when gas deliveries are not being fully utilized, and thereby make it possible to bring those stored reserves onto the market during the winter months when the demand for the commodity is at its peak. Thus if the producer is permitted to make a sufficient price that he is willing to sell his gas freely in interstate commerce, the pipelines and the distribution companies will be in position to make major savings in the service they render for each unit of gas delivered.

If the present bill shall be passed, it will assist pipelines and distribution companies in reducing their cost per unit of gas delivered. Unless this measure becomes law, the present law will make it very difficult for pipelines and distributors to achieve the economies to which I have referred.

The small share of the consumer dollar that goes to the producer does not justify placing the producer under Federal price control. Particularly is this the case when we recognize that Federal price control will mean that gas reserves will not be freely available to the interstate market.

For gas sold in New York, the producer receives only 3 cents of every dollar paid for gas. In Washington, D. C., the gas producer receives only about 8 cents of every dollar that the consumer pays for natural gas. In Chicago, which is at the end of a shorter pipeline, the gas producer receives only about 10 cents of every dollar paid for natural gas.

When the consumer looks at the small price tag of 10 cents to 3 cents out of every dollar he pays for gas as the cost of his supply, he would much more prefer to pay another cent, if need be, and be assured of an unfailing abundant supply to meet his demands upon the coldest days, than he would to take the risk that always goes with Federal price control, such as inadequate supply, shortages, and poor service.

Unless the present law shall be amended, consumers outside the producing States will not be able to obtain additional reserves of natural gas to meet their needs. Available statistics show that already nine major pipelines are finding it impossible to obtain sufficient additional reserves to offset the amount of gas they are draining from their existing reserves.

I ask unanimous consent to place in the RECORD a statement I have prepared, demonstrating that the rate at which additional supplies of gas have been made available to pipelines has dropped off from a high of 18.9 trillion cubic feet in 1950 to 6 trillion cubic feet in 1954.

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

Annual additions of natural gas reserves to interstate pipelines, 1949–54

[In billions of cubic feet]

1949	11,500
1950	18,900
1951	12,100
1952	18,800
1953	10,100
1954	6,000

Sources: Annual reports of pipeline companies to Federal Power Commission; for 1954 and prior years; statistics of natural gas companies, for 1954 and prior years (FPC); data supplied by pipeline companies.

The above figures represent the annual additions to natural gas reserves by the following major pipeline companies, including reserves owned and contracted for: Arkansas Louisiana Gas Co., Cities Service Gas Co., Colorado Interstate Gas Co., El Paso Natural Gas Co., Lone Star Gas Co., Natural Gas Pipeline Company of America, Northern Natural Gas Co., Permian Basin Pipeline Co., Panhandle Eastern Pipe Line Co., Trunkline Gas Co., Southern Natural Gas Co., Texas Eastern Transmission Co., Texas Gas Transmission Corp., Texas Illinois Natural Gas Pipeline Co., Transcontinental Gas Pipeline Co., United Gas Pipeline Co.

In 1954 the 16 pipeline companies added 5,935 billion cubic feet to their available supplies, including both contracted for and owned reserves. Withdrawals from available supplies by these companies totaled 4,454 billion cubic feet, so that the net additions to available supplies totaled 1,481 billion cubic feet.

For 7 among the 16 pipeline companies, gross additions to reserves excedeed withdrawals during 1954.

For 9 among the 16 companies, withdrawals during 1954 were in excess of gross additions. The summary figures are as follows:

[Million cubic feet]

	Additions to supply	Withdrawals from supply
Pipelines with net increase (7)	4,573,900	1,996,200
Pipelines with net decrease (9)	1,361,400	2,457,400
Total, 16 pipelines	5,935,300	4,453,600

Mr. LONG. Mr. President, furthermore, an analysis of 16 major pipeline companies shows that 9 of the 16 were unable to acquire additional reserves in 1954 at a rate sufficient to offset the depletion of their existing gas supply.

It is true that the discovery of new gas is sufficient to offset the depletion of existing reserves in a general sense, but the fact that opponents of the Fulbright bill fail to make clear is that, even before utility-type regulation has been placed upon gas producers selling their gas in interstate commerce, the rate at which new gas is being committed to interstate contracts has been reduced to one-third of its previous rate. I predict, with all confidence, that unless the Harris-Fulbright bill is passed, the rate at which such reserves are committed to interstate commerce will be reduced to a mere fraction of that one-third.

Producers are finding it more and more desirable to withhold their gas from the market until they find a sale within the State where it is produced. New industries are daily moving into the Louisiana, Texas, and Oklahoma areas, seeking to obtain an assured supply of natural gas. Even now gas to supply the needs of major heavy industries within the producing States is becoming in short supply. If Federal price control upon a cost basis is to be imposed upon interstate sales of natural gas, the large additional reserves that are being discovered will be held off the market until they can be sold within the producing States, where Federal price control is not applicable.

Anyone who has studied economics for a single semester should know that those millions of consumers in Northern States who desire to purchase natural gas for use in their homes will not be able to buy it if their agents are forbidden to pay a price for the gas at least as high as the price for which the gas is being sold within the producing State.

Measures that have thus far been taken to assure a supply of gas will not prove adequate. Already the Supreme Court has undertaken to say that a contract for the sale of gas can be binding upon the producer to sell, although the price can be changed by the Federal Power Commission or the Court. Some of these contracts provide that the contract of sale is automatically terminated if the Federal Power Commission or the courts undertake to change the price from that stipulated in the contract. The Supreme Court has nevertheless undertaken to hold that a producer, once having undertaken to sell gas, can be required to continue to deliver it and held to all terms of the contract to which he was compelled to agree, and at the same time be denied the benefit of the one provision for which he bargained, namely, the price.

The Supreme Court has held that a producer who contracted to sell for 20 years can be made to continue to deliver his gas indefinitely, or as long as the reserves last. But, I say, Mr. President, that even such outrageous injustices cannot obtain for the consumer an adequate supply. I say this because with the depletion of present reserves which have been contracted for sale to interstate pipelines, new reserves will not be available. They will be sold within the States where they are discovered, in order to obtain the better prices which would be there available.

Under the Harris-Fulbright bill, there would be sufficient price regulation by the Federal Power Commission to protect the consumer against unfair or unreasonable increases in the price paid to the producers of natural gas. The Federal Power Commission would have the responsibility of reviewing the reasonableness of the price the pipelines pay under new contracts. It would also be necessary to obtain approval of the Federal Power Commission before an increase in gas prices as the result of an escalator clause or a favored nations clause, could cause the price to exceed that which is determined to be a reasonable market price by the Federal Power Commission.

What the act does in effect is place a ceiling price on the sale of new gas and old gas alike. The principal difference from the existing law, as interpreted by the Supreme Court, would be that the fair market price would be determined by looking to the competitive factors of the industry—the availability of supply and the pressures of demand—instead of a cost basis. When a fair market price is determined by the Federal Power Commission, a seller could be confident that he could sell his gas at that price, or any price below it, and that he would be safe from being required to deliver his gas for a lesser price than that to which he agreed.

Likewise the Federal Power Commission would have the responsibility of protecting the public from the operation of escalator clauses, favored nations provisions, and renegotiation stipulations, if the effect of any of those contractual terms were to operate in a manner that would permit the price of gas to advance beyond the fair market price determined by the Federal Power Commission. This is a major concession to consumers outside the producing States. Even so, I predict that it would tend to impede the availability of new supplies in interstate commerce. A producer within his own State could expect to have the benefit of such stipulations if the gas were sold locally. It is entirely speculative whether he would receive the benefit of those stipulations if his gas were sold into interstate commerce.

Thus, Mr. President, it is only fair that those who produce natural gas should have the right to sell it for a competitive price into interstate commerce on the same basis that they are privileged to sell it into purely local or intrastate commerce. It is clear that it was never the purpose of the Congress to attempt to place Federal price controls upon the producer of natural gas. If his price is to be regulated, as it will be under the bill before us, the gas producer should not be regulated on a cost basis as though he were a public utility. He never has been, and, let us pray, never will be controlled on that basis.

The 8,000 gas producers of this Nation are free, independent businessmen. Anyone else who cares to enter into the business has the privilege of doing so. While it is speculative and hazardous, an industry which has bankrupted far more businessmen than it has made them wealthy, yet it still offers a glowing promise of success and fortune. It is one of the few remaining industries where an individual with limited capital may compete with the great and the mighty, and, blessed by good fortune and good judgment, become wealthy. It is an industry operated in the best tradition of the American capitalistic system.

It would be a sad day for America indeed—a great loss to the Nation, far beyond the loss to those participating in the production of gas—should this industry be socialized, or should it be nationalized as those who oppose us would seek to accomplish. For what little they might gain, perhaps a few cents' savings on a utility bill during the next few years, they would bring to us the conditions that we, above all people, should seek to avoid. They would destroy the efficiency of operation that makes for an ever-expanding supply and better living conditions. They would destroy the incentives to explore and take great risk in the hope of realizing great benefit. They would undermine the zeal and enthusiasm that have enabled this young industry to surpass many others, and they would set a precedent that would be an ill omen for our American capitalistic system.

Indeed, if a mere misconstruction of the congressional intent can convert a multibillion-dollar industry into a Federal public utility, and Senators and Congressmen have not the courage to preserve the system that has sustained this great Nation through good fortune and adversity, then our Nation is in greater danger then we suspect. If

Senators, merely for the sake of a few pennies of short term savings—unjustified, uncertain, and speculative savings—on a consumer gas bill, will not stand up and be counted in favor of free enterprise, then God help this Nation when we face the difficult issue of freedom and survival that will compel us to make hard decisions in the future. Some of our decisions will always be unpopular. Some will be misunderstood. Some decisions will require courage and statesmanship. But such decisions must be made in justness and fairness, if the people of this Nation are to prosper and the Nation itself is to survive.

ERRORS OF OPPONENTS OF THE FULBRIGHT BILL

I have heard a considerable number of errors made by individual opponents of the bill. I should like to address myself to some of them.

In my judgment, the opponents of the pending measure are fighting contrary to their own best interest and the best interest of the States they represent. I respect them for their sincerity as distinguished Members of this body. Yet I believe that they have fallen into fundamental errors which cause them to arrive at mistaken conclusions.

Two days ago the Senator from Illinois concluded a 5-day speech. I am proud to be his personal friend. I regard him as a devoted public servant.

During the last campaign, it was my pleasure to speak in behalf of his reelection.

As his friend and former deskmate in this body, I was distressed to see him so completely in error, notwithstanding the fact that he studied this matter at great length. It appears to me that his efforts in opposition to the pending measure may stem from a deep-seated conviction that the producers of oil and gas are far from the good citizens and competitive businessmen that most of us regard them as being.

THE FUNDAMENTAL FALLACY

The fundamental mistake made by the senior Senator from Illinois and those who take a similar position on this proposed legislation is that if they prevail, it would be virtually impossible to purchase additional substantial quantities of natural gas for shipment into interstate commerce. If their effort is successful in imposing the utility type of regulation, the State of Illinois, along with the other gas-consuming States, would be in the absurd position of sending its agents to Louisiana, Texas, and Oklahoma with instructions that those agents are to purchase gas for northern consumption at a price substantially below the price that the producers are able to obtain within the producing States.

Why in the name of common sense would any gas producer want to sell his gas to customers in the State of Illinois for 3 or 4 cents a thousand cubic feet, when he could sell the same gas within the producing State for 12 cents, or in some instances for as much as 20 cents a thousand cubic feet? If purchasers in Illinois are able to offer only one-fourth of the price for which a gas producer can sell his gas in the State of its origin, anyone who has had a single semester in economics should readily agree that the gas will be purchased within the producing States.

I am informed that already there are more than 250,000 citizens of the State of Illinois who are presently listed on applications seeking gas service. As much as we in Louisiana, Texas, and Oklahoma would like to accommodate them, our producers would certainly prefer to sell their gas to be consumed within our own States, if Illinois buyers will pay us no more than 25 percent of the price for which gas is to be sold within interstate commerce.

Thus far, Mr. President, utility-type regulation has not been imposed upon the producers of natural gas. They see the Supreme Court's handwriting on the wall, but many of them cannot yet believe that the events which they dread will come to pass. They have confidence that the Congress and the Federal Power Commission will somehow prevent the type of regulation that is being recommended by our opponents. Yet the producers of gas are sufficiently worried that already they are withholding their new reserves from interstate commerce.

Earlier in my speech I referred to the fact that 9 out of 16 major pipelines already are unable to acquire sufficient additional gas to replace the reserves that they are depleting. Mind you, Mr. President, the rate at which new reserves are being committed to interstate commerce has declined to one-third of its 1950 figure.

The senior Senator from Illinois quite correctly points out that the discovery and development of new supplies of gas have kept pace with the rate at which the existing reserves are being depleted. What the Senator failed to tell us is that the rate at which the new reserves are being committed to interstate commerce have fallen to one-third its former total. Furthermore, it was not indicated that many pipelines already are unable to obtain sufficient additional gas to replace the supplies that are depleted.

NEW SUPPLIES OF GAS WILL BE HELD WITHIN THE PRODUCING STATES

Senators opposing the Harris-Fulbright bill seem to be under the mistaken impression that producers of gas cannot find a market for their product within the producing States. This is contrary to the facts. Approximately 50 percent of marketed production of natural gas is already consumed within the States where it is produced.

The State of Louisiana is foremost among the gas producers, when the quantities of gas produced are compared to the size of the State. Approximately 55 percent of the gas produced in Louisiana is sold into interstate commerce. But, on the other hand, let us look at the rapid increase in the sales of gas within the State. Since 1947 the sale of natural gas within Louisiana has more than doubled. I predict that it will double again within the next 10 years; and in that case, Louisiana will need all its gas—if we consider only the current rate of production.

This increase has resulted from the tendency of large industrial concerns in need of tremendous supplies of natural gas to locate near the source of supply, where the gas can be purchased most economically and can be transported for shorter distances, thereby reducing costs. This tendency has been accelerated by the fact that other natural resources, such as sulfur, salt, and water, are located in abundant quantities in the same region. Thus the Louisiana and Texas gulf coast area is rapidly becoming the center of the petro-chemical industry of the Nation.

From 1947 to 1954, a period of 7 years, the consumption of gas in Louisiana increased from 375 to 637 billion cubic feet a year. Ninety-two percent of this consumption in 1954 was for industrial purposes. Most of this increase was the result of the location of new major industries moving to the State to obtain the benefit of the abundant quantities of natural gas locally available, along with the other natural advantages.

Esso Standard Oil, of Baton Rouge, used 57.3 billion cubic feet in 1954. This plant has been in Baton Rouge for a number of years.

Now let me list some of the new plants which are moving into the area and are asking for natural gas. Following are some industries that have established major plants within Louisiana since 1947, together with the quantities of gas the new plants are consuming:

Kaiser Aluminum, at New Orleans, consumes 40.3 billion cubic feet each year.

The Cit-Con plant, owned jointly by Cities Service and Continental Oil Co., at Lake Charles, consumes 25.5 billion cubic feet a year.

These 2 plants accounted for 25 percent of the increased consumption. They employ approximately 4,000 persons.

American Cyanamid last year dedicated its new plant for the manufacture of chemical fertilizers in the New Orleans area. It is estimated that the plant will consume approximately 6.6 billion cubic feet a year.

Lion Oil Co. erected in the New Orleans area a chemical plant which it soon sold to Monsanto Chemical Co. It is estimated that the new plant will consume approximately 8 billion cubic feet a year.

This is only the beginning. A few months ago, Kaiser Aluminum announced that it is undertaking the construction of its third major plant in the New Orleans-Baton Rouge area. At Gramercy, La., it will erect a $60 million plant for the processing of aluminum. This plant will use approximately 15 billion cubic feet annually.

United States Rubber announced this week that north of Baton Rouge it is undertaking the construction of a major installation which will cost approximately $100 million when it reaches its full capacity. It will use about 1½ billion cubic feet a year.

Mr. President, I may say that when we consider the amount of natural gas consumed by the United States Rubber Co., we should not overlook the fact that by establishing a $100 million plant just to the north of the Esso Standard plant, it is anticipated that Esso Standard will be processing additional quantities of gas into butadiene, which in turn will be sold to the United States Rubber Co.

That, in turn, will mean a tremendous increase in the use of natural gas by Esso Standard, which already is in the area.

Another major rubber company has taken options in the area near the Texas and Louisiana boundary for a plant that I would anticipate to be of a similar nature and capacity.

At least three other major corporations of America are presently negotiating for locations along the Mississippi River in the New Orleans-Baton Rouge area.

Mr. President, this is what is happening when natural gas producers are merely confronted with the threat that they will be treated unfairly and made to deliver their product into interstate commerce at a mere fraction of its actual market value. Already industries find it desirable to establish themselves in the area where the hydrocarbons and the chlorines are available in abundant supply.

The Senator from Illinois made the point that natural gas is already in short supply. I say to the Senator that it is in short supply within the producing States, as well as outside. It is becoming increasingly difficult to locate the enormous quantities of natural gas to meet the requirements of industries like Kaiser Aluminum, United States Rubber, Cities Service, Esso Standard, Monsanto Chemical, and others.

When the producer has large quantities of gas available for sale without Federal regulation, the interstate customers will plead for gas in vain, if they are unable to meet the price. The producers desiring to sell their gas as profitably as possible will hold it for the local market.

INJUSTICE OF THE EXISTING LAW

Personally I have mixed feelings with regard to the fate of this legislation. If this pending measure should fail to pass, the type of regulation that the Senator from Illinois would seek to impose upon interstate commerce would limit the availability of natural gas to the producing States and tend greatly to increase the large number of industries being established in those States. This would be of tremendous advantage to the State I represent.

On the other hand, it would be a complete injustice to the gas producers and the royalty owners. In more than 13 decisions, the Federal Power Commission informed producers that they could sell their gas freely into interstate commerce. Pipelines are not interested in laying their pipes at great expense to the marginal wells that produce only a small amount of gas. The amount of gas available does not justify the expense. Thus, there would be many producers who would be limited to an 8-percent return on their profitable wells.

Many other producers have already amortized their investment along with their 8-percent return, however. Presumably they would be required to deliver their gas for the remainder of the life of the well at no cost to the purchaser. It would amount to a virtual confiscation of the producer's property. Such an injustice I cannot vote to uphold.

On the other hand, wells that had been drilled unsuccessfully—wells producing small amounts of oil and gas, which had never been committed to interstate commerce—would be losses that the producer could not charge against his profitable wells. With regard to the unprofitable wells, the gas would be too expensive and the quantity too small to justify laying pipe to it under competitive conditions. A pipeline would be failing to protect the interest of its customers were it to sign a contract to accept gas from such a well.

I know personally of wells capable of producing small quantities of gas at rather isolated locations on a cost-plus-8-percent basis. A price of $10 per thousand cubic feet could be justified, compared to the average price of 12½ cents being paid for gas today. Anyone would be foolish to agree to purchase such gas on a public utility basis. The cost would be too high.

Let us consider for a moment the position of a royalty owner. The royalty owners who have leased their property to a gas producer are entitled to receive about one-eighth of the amount paid to the gas producer. The great number of farmers and other landowners who have come to depend on monthly royalty checks from the production of gas beneath property in which they hold an interest would have their payments drastically reduced and stopped completely in some instances.

Persons who have purchased royalty interests relying upon 13 decisions of the Federal Power Commission, looking to the fair market value of the product, as well as the price stipulated in the contract, would lose much of their investment. These royalty owners are very numerous, and they certainly are found in all walks of life in Louisiana, where gas is found in all sections of the State.

Likewise, the consumers outside the producing States would be denied service. The 250,000 customers who are seeking gas service in Illinois, for example, would not be able to obtain the product unless they were able to acquire it from a pipeline built from Canada, which would not be subject to the Natural Gas Act.

The existing law, as advocated by the Senator from Illinois, is totally unfair and discriminatory. Producers selling their gas within the producing States where more than 50 percent of it is sold already would be able to obtain the going market price for their gas. Producers in Canada and Mexico could obtain the going market price for gas. Producers in the United States selling their gas to pipelines constructed into Canada or Mexico could sell their gas for the going market price. Producers owning wells situated on the outer Continental Shelf in the Gulf of Mexico could sell their gas for the going market price, provided the pipeline carrying that gas did not cross a boundary between two States and perhaps even if the pipeline did cross State boundaries, depending upon whether a sale of gas from the international zone into a particular State is to be regarded as interstate commerce when it crosses a boundary between two States.

Yet those unfortunate individuals who were misled into committing their reserves into interstate commerce would be discriminated against and victimized.

These measures point up the complete impossibility of administering the type of price control on natural gas that has been advocated by the Senator from Illinois and others. What our opponents are advocating is a measure that will stifle and prevent interstate commerce, insofar as natural gas is concerned.

THE FALLACY THAT THE PRODUCER HAS AN UNFAIR ADVANTAGE OVER THE CONSUMER

Some mayors of northern cities and Senators representing such areas have argued that northern consumers are at the mercy of the gas producers. They would suggest that once a pipeline has connected the producers and consumers, the producer is in position to obtain an unfair advantage over the consumer, or at least that he would be in position to do so if the Harris-Fulbright bill were passed.

No one could be in greater error. The truth of the matter is that the consumer has had an advantage in purchasing gas because of the manner in which the industry is organized. The thermal equivalent of gas at the wellhead would compare to approximately 25 cents worth of coal at the mouth of the mine, or about 25 cents worth of oil at the well. We are told that the average price for gas today is 12½ cents.

Thus, the bare cold facts of the matter show that natural gas is still selling on the average at a price approximately one-half of its value when compared at the thermal equivalent of coal or oil. This results from the difficulties that a gas producer experiences in selling his product. In order to get it to the market, he must persuade someone to make a major investment in gathering lines and pipelines, and he must have access to distribution systems.

Thus far, the producer of natural gas has never been in position to bargain with more than perhaps 2 or 3 buyers. I can show Senators many instances in Louisiana where gas producers have no buyer whatever to whom the gas can be sold because the cost of laying pipe to a remote location more than offsets the profit that could be realized from the sale of the gas.

If the cities of New York, Boston, Philadelphia, Washington, and Baltimore, and 20 or 30 others were bidding against one another for additional gas reserves, a single seller would be in position to play one against the other and to bargain for a higher price than he could obtain if one single purchaser were acquiring gas for the entire group. A pipeline can be a single purchaser buying for a large number of customers. In such instances, the single purchaser often offers only one price. Take it or leave it, he will pay no more. Gas producers generally know that they can extract very little, if any, additional price from a pipeline beyond the price that the line considers to be the going price for gas.

Furthermore, the Federal Power Commission now has, and under the Harris-

Fulbright bill will continue to have, jurisdiction to review the reasonableness of the price. The cost of transporting his gas to the market is often beyond the ability of the producer to pay. He must wait until one of the few prospective purchasers are willing to make him an offer. If he will not accept the offer to sell, then he continues to sit idly with his reserves while other producers in the same general area may decide to sell their gas and proceed to drain the gas from under him.

At times, the producer is compelled to pay rentals to the original landowners and even royalties to make up for the fact that he is not selling gas, in order to hold his lease. He is unable to obtain a sale for his gas and he is unable to persuade anyone to construct a gathering line, or even to borrow the money to build a gathering line to put his gas into a pipeline until he has agreed upon a contract to sell his gas.

Thus, although there are millions of ultimate customers for gas that the producer has for sale, he is in a position to bargain with only 1 or perhaps 2 or 3 representatives of these customers, and he is not in a position to sell his gas until he has agreed upon a long-term contract with one of them. Thus, far from having an advantage over the ultimate consumer, the gas producer has always been in a position where he was at a disadvantage—a very great disadvantage—in his effort to obtain the true value of his product when he sold it.

Now that I have discussed the long-term contract, let me refer to the contractual terms that have been the source of so much hysteria and misstatement of fact. A gas producer does not desire to sell his gas upon a long-term contract. The history of gas production, with the exception of a few years has indicated a steady trend toward an increase in the price. The same thing is true of almost every other product. Senators are well aware of the fact that a dollar today buys only about as much as 50 cents would have bought before World War II.

Generally speaking, anyone who made a 20-year contract to deliver his product, let us say in the year 1936, particularly a contract to deliver his entire production without any adjustment in the price during the ensuing 20 years, would have been in a bad position indeed if he was still bound by that contract.

Twenty years ago oil was selling for 97 cents per barrel. Today it is selling for $2.83 per barrel. Coal was selling for $1.77 per ton at the mine. Today it is selling for $4.82 per ton. For that matter, let us take butter: Twenty years ago it was selling at 36 cents per pound. Now it is selling at 71 cents, and the producer is complaining bitterly that his price is too low.

No one producing oil, coal, or butter is going to sign a contract to deliver a given number of units every year at a constant dollar price for the next 20 years. He would think you were foolish if you insisted upon such a condition in a contract. Then why should a gas producer sign a contract to sell his product for 20 years. It is not his idea. He does not desire such a stipulation. He would rather leave it out and sell on a year by year basis.

The reason he is required to sign such a stipulation is that a pipeline company cannot obtain sufficient capital to construct a pipeline; nor can it obtain a certificate of convenience and necessity unless assured of a source of supply that will last long enough to amortize their investment. Therefore, the pipeline companies, in order to obtain adequate reserves to enable them to borrow the money to finance their pipelines, and in order to obtain adequate reserves to obtain a certificate of convenience and necessity, have been required to obtain contracts for the delivery of gas over a 20-year period.

How did they hope to obtain this gas and persuade a producer to forego the much greater price that he might be able to obtain 5, 10, or 15 years in the future? They did it by offering a substantially higher price than the producer could receive on a short-term basis. They also agreed that from time to time they would adjust the price to place it in line with competitive conditions at the subsequent date.

Several types of stipulations have been devised in the effort to make it possible for the purchaser to obtain a commitment that would assure the availability of gas over a long period of time without denying the producer the advantage which would accrue to him if he delayed the sale of his gas until a better price was offered. A typical escalator clause would provide that the purchaser would pay the seller 7 cents per thousand cubic feet for the first 5 years, 8 cents per thousand cubic feet for the next 5 years, and 9 cents per thousand cubic feet for the remainder of the life of the reserves.

Another type of clause frequently referred to is the renegotiation clause. This provision usually stipulated that every 5 years the piepline would reconsider the price that it was paying the producer. If the pipeline found that it was necessary to pay a higher price in order to obtain additional gas reserves in the same general vicinity it would increase the price paid to the producer to the same price that was then currently being paid for the purchase of additional gas in the nearby vicinity. Under the Fulbright bill such renegotiated prices would be subject to review and approval by the Federal Power Commission.

A second type of condition discussed was the so-called favored-nation clause. This was a contractual provision which required the pipeline buyer to meet higher competitive prices in similar producing areas recognizing like quantity and quality.

Mr. President, that is what the escalator clauses are all about. That is all that is involved in a favored-nations clause. That is all that is involved in a renegotiation clause. I know that the Senator from Illinois and other opponents of this bill would not stand here and fight to outlaw the stipulation in the contract between the CIO and the General Motors Corp. which states that if the cost of living goes up the workers will receive an automatic pay raise. I have never heard him or other Senators protest about a similar escalator clause in the contract between the steelworkers and United States Steel. This type stipulation is well recognized in labor-management relations. If the principle is just and equitable when it is applied for the benefit of a laboring man, why should it become evil when it operates to the benefit of an independent producer of gas?

The purpose of such provisions is to make it possible for a producer to sell his gas under a long-term contract without foregoing the advantages that would have accrued to him had he waited over a long period of time in the hope of an increase in the going market price.

Under the Harris-Fulbright bill the increases in gas prices would be limited to a reasonable market price as established by the Federal Power Commission. No one need have any fear that the producers are going to sell their gas for more than a fair market price because they are forbidden by law to do so, and the Federal Power Commission is assigned the duty and responsibility to see that it does not happen.

THE FALLACY THAT GAS COMPANIES WOULD FIND IT TO THEIR ADVANTAGE TO PAY MORE THAN A FAIR MARKET PRICE

A few days ago the distinguished junior Senator from Rhode Island [Mr. PASTORE] undertook to suggest that there was some evil motive and some hidden gimmick in the pending bill. He suggested that a pipeline could, if it desired, pay more than the fair market price and thus increase the fair market price. The Senator from Rhode Island is in error when he suggests that a pipeline could advance the fair market price by paying more than the fair market price. Assuming that the pipeline made the mistake of trying to do so, what would happen?

Let us take the average case. Twenty-two percent of gas reserves are owned by the pipelines themselves. Let us assume that a pipeline agreed to pay 16 cents per thousand for gas and the fair market price was determined to be only 13 cents per thousand. To arrive at a figure with which we can work, let us say that the pipeline paid the gas producers $1 million each year in excess of the fair market price. The pipeline would be compelled to go before the Federal Power Commission and seek a rate increase in order to pay the higher price for gas.

It takes approximately 2 years for a petition for a rate increase to be finally acted upon by the Federal Power Commission. Thus, if the pipeline was overpaying the producers by $1 million each year, in 2 years it would have overpaid them by a total of $2 million. Of this amount the pipeline would have owned 22 percent of the production. Thus the Federal Power Commission would require the pipeline to reduce rates to the consumers to permit them to retrieve the $440,000 for which the pipeline had overcharged the consumers for the gas produced by the pipeline itself. The company would also be required to reduce its rates to consumers or to refund a sufficient amount of money to compensate for the $1,560,000 which it had overpaid the independent producers.

It is true that the pipeline could, if it so desired, take a loss of $1,560,000 on this transaction. Under the Harris-Fulbright bill, it could not be required to do so. It could insist that the producers either refund the overpayment or accept a lesser price until the pipeline had been reimbursed its funds. As a matter of fact, it is rather typical of the oil and gas industry that a purchasing company simply holds up funds until it has its money back if the seller, for some reason, owes money to the purchaser.

Thus it will be seen that this is no gimmick. The operation of the act would mean that the Federal Power Commission would simply fix a ceiling price on gas. The difference between the Natural Gas Act as presently interpreted by the Supreme Court and the amendments which I am here supporting would be that the ceiling price would be determined by the competitive price at which gas was generally available for sale both within and without the producing States. Producers would not be entitled to obtain a greater price.

Frankly, I anticipate that the so-called fair market price for sale in interstate commerce would be somewhat higher, perhaps 1 cent per mcf, than the average price for gas within a State. The reason is rather obvious. A producer would prefer to sell his gas within the State where he is not subject to regulation by the Federal Power Commission, in fact, where his price is not subject to regulation at all.

This is particularly true with a contract containing a favored-nations clause, renegotiation clause, or escalator clause. If any of these clauses exist in a contract for local sale of gas within the producing State, the producer knows that he will receive the benefit of those clauses when circumstances require that their operation should go into effect. He has no assurance that he would receive the benefit of these clauses if he were to sell his gas in interstate commerce under the amendments to the Natural Gas Act. These factors would naturally cause a producer to be willing to sell his gas purely within the producing area for a lesser price.

ENFORCEMENT OF THE EXISTING LAW WOULD BE AN ADMINISTRATIVE IMPOSSIBILITY

The Federal Power Commission is in the best possible position to know what the job of attempting to enforce the present law as interpreted by the Supreme Court in the Phillips decision really involves. The Commission has been studying this problem for several years. More than 2 years after the Phillips decision forced them to face the task as a matter of direct responsibility, they still testified that they had "not yet reached the point of really coming to grips with all the detailed problems involved."

The big problem, of course, is the determination and allocation of production costs. Here the individual situations make for endless combinations of factors, and there are fluctuations from day to day which would challenge the genius of IBM's biggest electronic brain.

The Federal Power Commision budget for the present fiscal year, as compared with 2 years ago, has already been increased by a million dollars, due almost entirely to this preliminary effort on their part. The best estimate seems to be that to attempt to implement the Phillips decision would increase the FPC's workload about 20 times.

I submit, Mr. President, that some attention should be paid to the opinions of those who have been wrestling with the problem of placing in effect this public-utility type regulation. I have never known of a case in which an administrator testified in advance that he could not do a job adequately, whose statement had not been proven correct when he was forced to do it anyway.

PRESENT LAW WOULD TEND TO DRIVE THE SMALL OPERATORS OUT OF BUSINESS AND THUS INCREASE THE CONCENTRATION OF OWNERSHIP INTERESTS

The Federal Power Commission is not the only group which has found the administrative work involved in treating gas producers as public utilities a matter of impracticality. Even small producers and individuals having only minor interests in small holdings are being faced with the necessity of hiring accounting and legal staffs to defend these interests.

Mr. President, from the economic and financial standpoint, as soon as the legal and accounting costs begin to mount, the small operators and small holders will find themselves with a liability instead of an asset. Let me give an illustration that comes to my mind. Picture a man with a marginal well that produces both oil and gas. Let us assume that he drilled to 3,000 feet at a cost of about $20,000. Let us further assume that his well proved to be a marginal one producing about $100 worth of oil and $150 worth of gas each month.

When he is confronted with forms and applications for supplying information requested by the Federal Power Commission and is confronted with the necessity of employing attorneys, accountants, and rate experts to support his case for the maintenance of his contract price, he will find that the expense does not justify his continued operation of the well. He would prefer to sell the well to a larger company for the best price he was able to obtain. He would be thereby increasing the trend toward concentration and monopoly, which we all deplore.

It is because the small operators are in many cases unfamiliar with the type of problem with which the present act would force them to deal that they would prefer to sell their small holdings rather than to cope with it.

I know the senior Senator from Illinois [Mr. DOUGLAS] has the interest of the small-business men very much at heart. Yet the position which he is advocating in this debate is contrary to the best interest of a small oil and gas producer. It would spell the ruin of many of those small-business men.

I have heard the Senator from Illinois quote figures relating to the concentration of ownership in the oil and gas industry. The position that he is advocating would tremendously increase the concentration of which he complains.

THE DOUGLAS AMENDMENT

Perhaps it is because the senior Senator from Illinois realizes the complete injustice, inequity, and hardship which the present Natural Gas Act would cause to the small producer of gas, that he has offered his amendment to exempt all producers except the 35 largest producers. The 35 largest producers include such corporations as the Standard Oil of Indiana, the Texas Co., Phillips Petroleum, and others. These companies have literally millions of small stockholders in addition to those who hold large blocks of stock.

Let us examine the paradox that would occur if opposing Senators were successful in applying their amendments to the Natural Gas Act.

Mr. Sidney Richardson, a man whose net worth is estimated to be approximately $200 million, would be exempt. The same would be true with regard to a large number of multimillionaires whom I could name.

On the other hand, Mrs. James Smith, a widow with 2 children, who inherited from her husband 25 shares of stock in Standard Oil of New Jersey, would have her only investment subjected to regulation as a public utility in an unfair and discriminatory fashion.

Some time ago a personal friend of mine and an executive of a major oil company, came to Washington, D. C., at a great loss of personal salary in order to serve his Government during the Korean war. On an occasion when I was arguing in favor of legislation to benefit small-business men at the expense of larger concerns, my friend pointed out to me the difference in value between his personal savings and that of the larger independent oil and gas operators. He said, "You talk about those little fellows. Boy, how I would like to be one of those little guys worth a mere $100 million."

Under the Douglas amendment, many millionaires would be exempt from regulation. The millions of small stockholders of the 35 large companies which our opponents would like to regulate as public utilities would suffer from punitive, unfair, and discriminatory regulation.

The Senator from Illinois suggested that my position on the pending measure was contrary to the position taken by my father, the late Huey Long, who campaigned tirelessly for his share-the-wealth platform. Let me say to my good friend the senior Senator from Illinois that somebody has to make the wealth before anyone can share it.

HOW TO REDUCE PRICES TO THE CONSUMER

Mr. President, we who are supporting the bill are no less interested in reducing the cost of gas to the consumer than are those who are opposing us. The only difference is that we believe we know how to do it because we think that our economics are sound and that the free-enterprise system will bring lower prices than will an attempt to impose unfair and despised regulation upon producers. I demonstrated to the Senator from New York [Mr. LEHMAN] how the distribution costs could be cut insofar as a given unit of gas is concerned. For example, in the

city of New York the consumer pays $2.42 for gas at the burner tip. This high cost is broken down as follows: 7.8 cents paid to the producer; 23.5 cents paid as the cost of transporting the gas to the city gate; $1.77 charged by the distributor; total $2.42.

Why is the distribution charge so high? In Kansas City, Mo., the charge for distribution is 37.5 cents. In Denver it is 39.5 cents. The principal reason is that most consumers of natural gas in the city of New York use it only for cooking. The gas could be sold much more cheaply if they were to use it for household and apartment heating, as well.

To be more specific: It costs just as much to lay a pipe from the street into a private home or apartment building, regardless of whether the pipe is to deliver gas for household heating and cooking, or only for cooking. Some apartment buildings would require a larger pipe, but the cost of laying the pipe and connecting it to the distribution system of the house is about the same in either instance.

It costs just as much for an employee to read the meter each month, regardless of whether the meter has a large figure or a small one on its face. The cost is no different for sending a bill to the consumer whether that customer happens to owe a large amount of money or a small amount.

The company is entitled to make a 6 percent return on its investment in gas mains and distribution equipment, regardless of whether the mains are carrying large amounts of gas constantly or only periodically. In other words, almost every cost, with the exception of the purchase of the gas itself from the pipeline, is a fixed and constant cost. These costs must be apportioned among the consumers regardless of whether the consumers are using large amounts of gas or small amounts. The same is true with regard to the profits. Assuming that a corporation had $10 million invested in gas mains and other gas distribution equipment, the company is entitled to make a 6-percent return, which would be $600,000 each year return on its investment. Likewise, it would be entitled to charge the consumers for the annual depreciation of the equipment, which might be approximately $400,000 each year. It is also entitled to charge for wages, salaries, and other expenses. In few instances would the laying of new mains be necessary if the consumers elected to purchase gas for household heating in addition to the gas they use for cooking purposes.

Here is the way that the cost of gas to consumers in the city of New York should be reduced. Persuade those consumers to use gas for household heating, and thereby persuade them to use four times as much gas as they are using now. The gas company could then distribute the gas for a mere one-fourth of the price that it is charging. Thus, instead of costing $1.77 to distribute, the cost of distribution would be only 33 cents. New pipelines would necessarily be constructed. These new pipelines would charge 23.5 cents for each thousand cubic feet of gas as their charge for distribution.

Unfortunately, it would be necessary to pay more for the gas, and there is a very obvious reason why this would be the case. New York is presently receiving gas at 7.8 cents, based on old contracts. At the time that those contracts were signed the producers were delighted to obtain the contract price that they are now receiving.

But things have changed, Mr. President, and gas producers are able to sell their gas within the States of Louisiana, Texas, and Oklahoma to local industries, in some instances for as much as 15 cents per thousand cubic feet. I am informed that some contracts are presently being negotiated for 20 cents per thousand cubic feet. Obviously, if consumers in the city of New York desire to purchase enormous quantities of additional gas supplies, the very fact that they are in the market bidding for the gas will of itself tend to force the price up.

Nevertheless there is a practical ceiling on the price to which natural gas can rise. A person can purchase for 25 cents enough coal or enough fuel oil to supply the heat equivalent of 1,000 cubic feet of gas. If gas companies hope to get more than that price, they are in for a disappointment. Heavy industries are the principal users of gas. They use a great deal more gas than do household consumers. If the price of gas should rise above the price of coal or fuel oil, for a given heat equivalent, then obviously most of the major industries that are now using gas would immediately switch to fuel oil or to coal. Therefore, New York consumers could be fairly sure that the price which the producer gets for this gas will never go above 25 cents per thousand cubic feet unless the price of coal and oil should rise.

Thus let us assume that those serving the city of New York found it necessary to pay producers 25 cents per thousand cubic feet in order to obtain great additional quantities of gas, the price to the housewife could nevertheless be reduced because of the large reductions in the cost of distributing a given unit of gas. The price to the housewife could be arrived at in the following fashion: 33 cents for distribution; 23.5 cents for transportation; 25 cents for gas in the field; total, 81.5 cents.

This 81.5 cents compares to the $2.42 that the housewife in New York is now paying for natural gas. She would be buying delivered gas for less than one-third of the price that she is now paying.

Notice, Mr. President, the cost of distribution would thus be reduced by three-fourths when compared to the previous charge for a given unit of gas, a saving sufficient to more than wipe out the additional 18 cents in increased price to the producer made necessary in order to obtain sufficient additional gas reserves.

I know that the point will be made that gas is already being sold for a cheaper price if it is being used for household heating. Nevertheless, even that figure could be cut tremendously if those consumers who are using gas for cooking alone would change over and use it for household heating as well.

The fact of the increased volume would mean that the cost of distribution to the average customer would be reduced tremendously. Assuming that it could not be cut to a mere one-fourth, the cost of distribution could, nevertheless, be reduced by far more than is necessary to offset the increased cost of purchasing the gas from the producer. Assuming that the distributor is able to reduce his cost of distribution on a unit basis by a mere 6 percent, the savings would be sufficient to offset a 10-cent increase in the price paid to producers on new contracts. If there were a favored-nations clause in the contract under which gas is acquired for the city of New York, this increased efficiency of distribution would also offset the additional cost necessary to distribute the gas that is presently being transported to the New York area.

On the other hand, Mr. President, unless the Harris-Fulbright bill is passed, the city of New York will never benefit from these efficiencies. I make this statement without fear of successful contradiction; and why do I do so?

I say it because the producers would be unwilling to sell enormous quantities of additional gas into interstate commerce unless the interstate purchasers were willing to pay the same price as the local purchasers.

Thus, once again, looking to the charge of $2.42 to a New York housewife—far from reducing that charge to the housewife in New York City, the distribution company could not even hold it within the $2.42 because as gas reserves are depleted, less gas will be available for distribution. With less gas to distribute, the fixed costs of the distributing company will be spread across a smaller number of units of gas delivered. This will necessarily cause the charge for distribution to increase on a unit basis.

Therefore, the housewife could expect that price to rise in the event that the bill fails to pass. Housewives in New York could anticipate lower prices if they did what housewives are doing in Louisiana—use their gas for heating as well as cooking—but only in the event the Harris-Fulbright bill is passed, because otherwise additional quantities of gas could not be made available.

The distribution company would be unable to acquire supplies of gas to replace those that are being depleted at the present time. Far from reducing the astronomical charge of $1.77 as a fee for distributing gas to the housewife, the gas company would be required to increase it. Thus my sincere but misguided friends from consuming States would find that their housewives would be paying more for gas in consuming States if the bill fails to pass than they would be paying if the Harris-Fulbright bill becomes law. As a matter of fact, Mr. President, the fact that President Truman vetoed the Kerr natural-gas bill several years ago has already prevented distribution companies from achieving economies that would have accompanied an expanded market, inasmuch as the present status of the law concerning interstate sale of natural gas has made it impossible to obtain the large additional reserves that would have already been committed to interstate commerce.

ATTITUDE OF COAL PRODUCERS

For some time I have been curious to know the inner thinkings of the coal

producers of this Nation. As a matter of self-interest, those producers fought bitterly against the construction of interstate pipelines. For some time I had thought that the coal producers would want to see the Natural Gas Act applied stringently to producers. If this were done, producers would be unwilling to sell additional gas into interstate commerce. In that event, the coal producers would need have no fear of competition from natural gas in retaining their present customers. Even if the coal producers were benefited by such a result, I rather doubt that they would advocate it, because, once the Government starts to nationaize any given fuel and requires the producers to sell their product on a public utility basis, we can expect that the principle will be eventually extended to other fuels, as I have attempted to demonstrate. There is also a selfish reason why coal producers should favor the pending bill. Until the price of natural gas is advanced to meet the price of coal, industries will continue to bypass coal. They will move to the gas-producing regions, where gas may be acquired cheaply, if fuel is a major part of their expense.

I might illustrate this point simply by referring to the Kaiser Aluminum Corp. for one specific example. The Kaiser operation requires enormous quantities of fuel. Kaiser in its recent expansion program undertook to erect a $60-million plant, in addition to the two plants already located in the State of Louisiana, to achieve the economies connected with abundant quantities of natural gas at low cost. Simultaneously they undertook to erect another major plant in an area where coal can be acquired very cheaply. If the price of gas were advanced out of reason, the Texas and Louisiana Gulf Coast area would no longer be as attractive for new industries.

If the price of gas were in line with the price of coal, then a State like Louisiana would be at a stand-off with the State of West Virginia, insofar as the cost of fuel is concerned, when an industrialist was considering in which of the two areas he should like to locate his plant. Following the same logic, Mr. President, when the Senators from West Virginia voted against the Kerr natural gas bill, some years ago, they unwittingly decreed that a considerable number of major industries would find it undesirable to locate in West Virginia and provide employment for the distressed coal miners whom those Senators would like very much to help.

So, Mr. President, when we come down to the bare fundamentals, and lay all the facts on the record, we find that those who believe they would be injured by the passage of the Harris-Fulbright bill would, in fact, be helped. Far from injuring the housewife, she would receive her gas at a more reasonable price. Far from injuring consuming States, they would have a better opportunity to acquire new industries. Far from injuring those who compete with the natural gas industry, they would be benefited. What earthly incentive could any Senator from a consuming State suggest as a motive for voting against the Fulbright-Harris bill?

The only conceivable purpose would be the forlorn hope that one could convince an uninformed housewife that he had been her friend, when in fact he had not; or that he could convince an industrial consumer of gas in a nonproducing State that he had been benefited by a cheaper price for gas, when in fact his supplies were to be cut off. In other words, the only purpose that I could conceive as an objective in voting against the Harris-Fulbright bill—if one fully understands the issue—would be the hope of some political gain by representatives of nonproducing States.

POSITION TAKEN BY OPPONENTS IS NOT EVEN GOOD POLITICS

Even in that forlorn illusion, our opponents are in error. I have here, Mr. President, a compilation of the rollcall vote that occurred when the Kerr natural gas bill was before the United States Senate in 1950. I ask unanimous consent that it be printed at this point in the RECORD.

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

Yeas—Democrats: Anderson, Byrd, Chapman, Connally, Eastland, Ellender, Frear, Fulbright, Hayden, Hoey, Holland, Hunt, Johnson of Colorado, Johnson of Texas, Johnston of South Carolina, Kerr, Long, McCarran, McClellan, McFarland, McKellar, Maybank, Robertson, Russell, Sparkman, Stennis, Thomas of Oklahoma, Withers. Republicans: Bricker, Bridges, Butler of Nebraska, Capehart, Darby, Ecton, Gurney, Hickenlooper, McCarthy, Martin, Millikin, Schoeppel, Taft, Watkins, Wherry, Young.

Paired for—Democrats: Downey, George, Thomas of Utah. Republicans: Cain, Malone.

Nays—Democrats: Benton, Chavez, Douglas, Gillette, Graham, Green, Humphrey, Kefauver, Kilgore, Lehman, Murray, Myers, Neely, O'Conor, O'Mahoney, Taylor. Republicans: Aiken, Cordon, Donnell, Dworshak, Ferguson, Flanders, Hendrickson, Ives, Jenner, Kem, Knowland, Langer, Lodge, Morse, Mundt, Saltonstall, Smith of Maine, Smith of New Jersey, Thye, Tobey, Wiley, Williams.

Paired Against—Democrats: Hill, McMahon, Magnuson. Republicans: Brewster, Vandenberg.

Announced against—Democrats: Leahy, Tydings.

Mr. LONG. Mr. President, since 1950, 20 of the Senators who voted on that rollcall have been defeated. Of that number, 7 voted for the Kerr natural gas bill, and 13 voted against it. They are as follows:

Senators voting for, subsequently defeated: McFarland, McKellar, Thomas of Oklahoma, Ecton, Gurney, Thomas of Utah (paired for), Cain (paired for).

Senators voting against, subsequently defeated: Benton, Gillette, Graham, Myers, O'Mahoney, Taylor, Cordon, Donnell, Ferguson, Kem, Lodge, Tydings (announced against), Brewster (paired against).

Thus, Mr. President, based on the record to this date, if a Senator merely wants to vote good politics, the experience thus far is a ratio of nearly 2 to 1 in favor of protecting the gas producers from utility type regulation. Far from being good economics, the position urged by our opponents is not even good politics.

One of my personal friends, who has always been well informed on the subject of politics, told me that one of the principal factors in President Truman's mind when he vetoed the Kerr natural gas bill in 1950 was the fear that it would injure the chances of Democratic Senators seeking reelection. Specifically, my friend told me that President Truman felt that his approval of the Kerr natural gas bill might result in the defeat of Senator Scott Lucas of Illinois and Senator Francis Myers of Pennsylvania. In addition, I was told that President Truman feared that his approval of the Kerr natural gas bill might result in the defeat of Alex Campbell, of Indiana, and A. J. Loveland, of Iowa, who were seeking election against Republican opponents who had voted for the Kerr bill. As it turned out, President Truman vetoed the bill.

Mr. President, I should like to have my distinguished friend, the junior Senator from Michigan [Mr. MCNAMARA], who now is the Presiding Officer of the Senate, note in particular this point: After President Truman vetoed the Kerr natural-gas bill, all four of those Democratic Members of Congress were defeated. In the election that year, the Republicans were very successful. While picking up a number of Democratic States, only one of their encumbents was defeated for reelection. His name was Forrest Donnell, of Missouri, a Senator who had voted against the Kerr natural gas bill.

I am not here contending that the vote on the Kerr natural gas bill was the only issue, or that it was even a major contributing cause to the success or defeat of a single Senator. I am only saying that if Senators hope to realize any political benefit from their vote against the Fulbright-Harris bill, they are in for a great disappointment. The record indicates that their chances of reelection would be better if they voted for the bill.

Mr. President, much as I regretted to see my distinguished friend, the former senior Senator from Michigan, Mr. Ferguson, retire from this body, I recall that he was one of the great leaders in this body in the fight against the Kerr natural gas bill, and was one of the great advocates of placing the natural gas industry under Federal regulation. I know that the present distinguished occupant of the chair will recall that matter.

PROFITS OF OIL AND GAS COMPANIES

Fundamental to the arguments made by the Senator from Illinois and his associates is the assumption that oil and gas companies are making unreasonable profits. The Senator from Illinois stood on this floor and read at great length from figures for the profits of oil and gas companies. He told us that their profits were fantastic and that they paid very little taxes.

Under questioning from myself and the junior Senator from Oklahoma [Mr. MONRONEY], the Senator from Illinois admitted that his figures did not relate entirely to gas production, but that they were for the combined profits of oil and gas companies, resulting from the production of both oil and gas. He said he was compelled to use overall figures in the absence of the specific figures; and for this, he blamed the oil companies for

their failure to break down their profit-and-loss statements in matters that would better document his argument.

The oil and gas companies have nothing to hide in this connection. It merely happens that the average well produces both oil and gas, and it is impossible to prorate the costs between the two.

Incidentally, Mr. President, that is one of the No. 1 headaches confronting the Federal Power Commission at this moment, when it is facing the task of trying to regulate as utilities the natural gas companies in their sales of natural gas.

A seller simply sells all products—the oil, the gas, the butane, the propane, and whatever else comes out of the well—for the best price he can obtain for each of them.

Anyone in the oil and gas business sets up his profit-and-loss statement on any given well, based on the income as against the cost. Anyone in the business would handle the matter in that way.

But the companies do make available to both the Government and to business generally a breakdown of their profit-and-loss statements; and they make it available in a manner which, I believe, should have been presented to the Senate. That is to say, the large companies make available a breakdown of their profits, as between profits from domestic operations—operations within the United States—and profits from overseas or foreign operations.

Very little, if any, of the latter group of profits result from the production of gas. Very little of it is subject to taxation by the United States, for the very obvious reason that when the United States undertakes to tax the profits a company makes in a foreign land, it is found that the foreign country is also taxing those profits.

Now let us examine the figures, minus those for the foreign operations. On that basis, we find—and now I am relying upon statistics provided by the United States Treasury Department—that the producers of petroleum and natural gas are making a net return of 7 percent on their investment.

Mr. President, if our opponents with their characteristic generosity, are willing to concede an 8-percent return on the investment to be justified, I fail to understand why they complain about a 7-percent return that these companies are making.

Furthermore, Mr. President, oil and gas products are not the most profitable commodities produced within the United States. Let me refer to a few that show a higher ratio of profit. The motor vehicle and equipment companies reported a net profit of 12.6, for the year 1952. The profits after taxes of that industry increased by 50 percent in 1955, alone.

Chemical and allied products showed a net profit on investment of 9.3; paper and allied products, 9.2; total manufacturing, 8.1. Why are our opponents worried about oil company profits? From domestic products of oil and gas, the return of profit is less than most of our major industries. Do they wish to regulate the overseas operations? If so, they will find that difficult indeed. And, here again, let me get to one of our opponents' additional fallacies in referring to the failure of companies to pay taxes, in line with that which they would recommend. I am sure that they overlooked the foreign-tax problem.

There are five major oil companies which join together in one major company to produce oil in Saudi Arabia. They agreed to pay to the Government of Saudi Arabia 50 percent of their profits under an agreement that made it possible for them to take the so-called foreign-tax credit. In other words, they paid a tax in excess of $200 million to the ruler of Saudi Arabia. The United States Government, in line with the laws adopted by Congress, thereby permitted them to offset the $200 million that they paid the Government of Saudi Arabia for the $200 million that they would have otherwise owed the United States.

Thus, their liability to the United States Government was only a few hundred thousand dollars.

Mr. President, perhaps Senators think the foreign-tax credit is unreasonable, but let us see what the companies would have had to pay had there been no tax credit. Saudi Arabia taxes the company 50 percent on its profits. If this nation were to impose an income-tax rate of 52 percent, the total gross tax on income would reach 102 percent. I doubt that anyone here will recommend that taxes on any corporation should be as high as 102 percent.

I now ask unanimous consent to place in the RECORD a table that I have prepared showing the ratio of profits to net worth in selected industries as prepared by the United States Treasury Department.

It is not possible to give separate earnings reports on natural gas and petroleum. Records simply do not permit segregation.

Different people refer to numerous sources of data to make such comparisons. I feel that perhaps the most valid comparison reflecting similar modes of preparation are based upon the Statistics of Income published by the United States Treasury Department. The last volume published, February 2, 1955, reflects conditions for the year 1952. The table gives a comparison of profit ratios to net worth after taxes.

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

Ratio of net profit after income taxes to net worth petroleum and natural gas and other selected industries [1]

	Net worth (millions of dollars)	Net profit (millions of dollars)	Percent on net worth
Crude petroleum and natural gas production [2]	3,702	260.9	7.0
Total mining and quarrying	7,932	469.4	5.9
Food and kindred products	8,247	506.0	6.1
Tobacco manufacturers	1,474	123.3	8.4
Textile—mill products	6,182	197.7	3.2
Lumber and wood products, except furniture	2,674	205.8	7.7
Furniture and fixtures	1,079	82.5	7.6
Paper and allied products	4,487	412.4	9.2
Chemicals and allied products	10,339	966.4	9.3
Petroleum and coal products [2]	17,069	1,097.2	6.4
Stone, clay, and glass products	3,139	274.9	8.8
Primary metal industries	10,624	744.4	7.0
Motor vehicles and equipment, except electrical	7,583	957.5	12.6
Total manufacturing	109,496	8,880.1	8.1
Total trade	32,525	2,161.6	6.6
All industrial groups	254,006	19,504.4	7.7

[1] Statistics of Income for 1952, U. S. Treasury Department, Internal Revenue Service. Table No. 2, "Assets and liabilities, receipts and deductions, returns with balance sheets by major industrial groups."

[2] On a combined basis these 2 industrial classifications reported net worth, $20,771,000,000; net profit, $1,358,100,000; percent on net worth, 6.5.

Ratio of net profit after income taxes to net worth petroleum and natural gas and other selected industries [1]—Continued

NOTE.—It should be noted from the above table that earnings against net worth of the oil and gas industry is neither the highest nor the lowest on the scale among American industrial classifications. Actually, it is under the average for all industries. Obviously, the oil and gas industry must achieve some such representative earnings if capital required for expansion is to be attracted from the competitive capital market.

Mr. LONG. Mr. President, although I have not taken as much of the Senate's time as has the senior Senator from Illinois, I have, nevertheless, been attempting to set forth clearly my reasons for supporting the pending bill. In conclusion, let me summarize these reasons:

First. The existing situation is discriminatory because it would place a type of control on the producers of natural gas which is not proposed to apply to the competing fuels.

Second. The effect of the public utility type regulation would be ccnfiscatory insofar as profitable production is concerned, not only confiscatory of property owned by the producers and operators of gas wells, but of the many thousands of people who own royalty interests in them.

Third. The public utility type regulation is not only unfair and discriminatory but it is also unworkable as a type of control over natural-gas production, because:

A. Natural gas and liquefied petroleum products and byproducts are produced from the same wells.

B. Paperwork and redtape which would be required by cost accounting are not only beyond anything attempted heretofore, but actually could not provide the basis for equitable decisions by the Federal Power Commission.

Fourth. Insofar as exploration and development of further supplies of natural gas for interstate markets are concerned, they would virtually cease.

Fifth. Natural-gas producers would refuse to commit additional reserves for sale in interstate commerce, preferring to await a more equitable sale for use intrastate. Thus the controls would become a highly undesirable barrier to interstate commerce.

Sixth. The attempt to apply public utility controls over natural-gas production is not only economic nonsense, it is directly contrary to the fundamental precepts of American justice and the concepts of free competitive enterprise upon which the progress of the Nation has been based thus far and upon which we must depend increasingly in the

worldwide struggle against the destructive doctrines of Communist strangulation.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. DOUGLAS. Mr. President, today the Federal Power Commission has issued 12 very significant rulings which have been called to my attention by Representative EVINS, of Tennessee, and with respect to which I should like to speak briefly, before asking that they be made a part of the RECORD.

Today, the 27th of January, 1956, the Federal Power Commission has released 12 orders instituting an investigation of the rates charged by several big gas producers, including such giant companies as the Humble Oil & Refining Co., Continental Oil, Stanolind Oil & Gas Co., Atlantic Refining Co, Chicago Corp., Tide Water Associated Oil Co., and others.

These investigations relate to increased rates charged the Tennessee Gas Transportation Co., which the Federal Power Commission, late in 1954, had permitted to be put into effect, totaling millions of dollars annually.

The action by the Federal Power Commission today is most significant, particularly when it is remembered that in 1954 the Commission allowed these producers large rate increases without any hearing or determination as to whether the new and higher rates in question were just and reasonable under the Natural Gas Act.

The issuance of these orders has come as a result of the public-spirited work of a number of Tennessee municipalities, and also the Public Service Commission of Tennessee, and the Knoxville Utilities Board, who have made a heroic fight in this connection supported by other State utility commissions, cities and numerous distributing companies. After more than a year following the effective date of these increased rates, and after these complaints had been made and were pending for months without action, the Federal Power Commission, in these orders, finds that the rates and charges of these gas companies should be investigated under the Natural Gas Act, to determine whether they are lawful, or, in other words, whether they are just and reasonable under the law Congress enacted in 1938.

Mr. President, the particular attention of the Senate and the public is invited to the following statements and findings which appear in the investigative orders. In each of the 12 orders the Federal Power Commission states that the rates and charges of the gas producers in question, "upon the basis of data available to the Commission"—I skip some lines which do not affect the meaning—"may be unjust, unreasonable, unduly discriminatory, or preferential."

The Commission goes on to find that "it is necessary and proper in the public interest and to aid in the enforcement of the provisions of the Natural Gas Act that investigations be instituted by the Commission, upon its own motion, into and concerning all rates, charges, or classifications demanded, observed, charged, or collected" by the several respondents.

At long last the Commission, after much prodding, has begun to move. It has begun to move only after a heroic effort by the Tennessee authorities and municipalities, and certain other groups.

But we should also realize that if we pass the Harris-Fulbright bill which is now before us, the Federal Power Commission will not have authority to continue with these investigative orders.

The question naturally arises as to why the Power Commission waited so long. Do they believe that the Fulbright bill is now about to be passed, so that they will clear their skirts, but no effective action to protect consumers will finally be taken? Or is this a genuine effort at reform? I pass no judgment, except to say that ultimately tens of millions of dollars will be involved. If the Fulbright bill is passed, this ruling, arrived at deliberately by the Federal Power Commission, will be made completely null and void.

Mr. President, I ask unanimous consent that the text of the 12 orders, together with a press release issued by the Federal Power Commission in this connection, be made a part of the RECORD at this point.

There being no objection, the press release and orders were ordered to be printed in the RECORD, as follows:

FEDERAL POWER COMMISSION INSTITUTES INVESTIGATIONS OF RATES CHARGED BY 16 INDEPENDENT NATURAL-GAS PRODUCERS

(Docket Nos. G–9277 et al.)

WASHINGTON, D. C., January 27, 1956.—The Federal Power Commission issued a series of 12 orders today instituting investigations of the rates charged by 16 independent producers of natural gas.

The FPC said that the investigations were being instituted on its own motion to determine whether any of the producers' rates are "unjust, unreasonable, unduly discriminatory or preferential." If it finds that they are, the Commission said, it will then fix just and reasonable rates. The investigation covers all rates of the 16 producers which are subject to FPC jurisdiction. Hearing dates in each of the proceedings will be fixed by further order.

All of the producers involved in the investigations sell natural gas to Tennessee Gas Transmission Co., of Houston, Tex., among other purchasers. Changes in rates filed by the producers and allowed to go into effect about November 1, 1954, resulted in a total annual increase of about $6,200,000 to Tennessee.

Last August 31, the Tennessee Public Service Commission and several other Tennessee cities and distributing companies which receive gas from Tennessee's pipeline system filed complaints with the FPC requesting that investigations of the producers' rates be instituted. They also asked that the complaints and any proceedings instituted by the FPC on its own motion be consolidated for hearing with a pending rate increase application by Tennessee. The FPC, however, said that "no good cause" had been shown for the requested consolidation, nor to delay final determinations in the Tennessee rate increase docket pending conclusion of the newly instituted investigations.

Commissioner Seaborn L. Digby filed separate statements, concurring in part and dissenting in part with the Commission's orders instituting the investigations. Commissioner Digby said that he supported the orders insofar as they provide for investigations concerning the rates specified in the complaints by the Tennessee Public Service Commission and others. However, he declared that he strongly disagreed with those parts of the orders providing for investigation of all the rates being charged by the producers and not covered by the complaints. "The enlargement of the proceeding to include all rates charged by the respondent producers is unfair to the parties in the complaint proceeding, and is completely baseless in factual justification," he asserted.

The producers involved in the rate investigations are: The Chicago Corp.; Gulf Plains Corp.; Alfred C. Glassell, Jr.; Stanolind Oil & Gas Co.; Continental Oil Co.; Western Natural Gas Co.; The Altex Corp.; The Atlantic Refining Co.; Tide Water Associated Oil Co.; Ralph E. Fair; Ralph E. Fair, Inc.; Gillring Oil Co.; Humble Oil & Refining Co.; C. V. Lyman; The Nueces Co.; and Sinclair Oil & Gas Co.

UNITED STATES OF AMERICA—FEDERAL POWER COMMISSION

(Before Jerome K. Kuykendall, Chairman; Claude L. Draper; Commissioners Seaborn L. Digby, Frederick Stueck, and William R. Connole)

IN THE MATTER OF THE CHICAGO CORP., DOCKET NO. G–9277; THE CHICAGO CORP., GULF PLAINS CORP., DOCKET NO. G–9280

Order instituting investigations

Adopted January 26, 1956.

Issued January 27, 1956.

The Chicago Corp. and Gulf Plains Corp. (respondents) are independent producers of natural gas and are natural-gas companies within the meaning of the Natural Gas Act, being engaged in the sale and delivery of natural gas in interstate commerce for resale for ultimate public consumption.

On September 23, 1954, the Chicago Corp. (Chicago) filed an application for a certificate of public convenience and necessity pursuant to the provisions of section 7 of the Natural Gas Act. This application was designated Docket No. G–2999 and was amended on November 29, 1954. No hearing has been held or final order issued in such docket to date.

On August 27, 1954, Chicago filed with the Commission a contract and supplement thereto providing for the sale and delivery of natural gas to Tennessee Gas Transmission Co. (TGT) from the Carthage field, Texas, which were designated by the Commission as the Chicago Corp., et al., FPC gas rate schedule No. 3 and supplement No. 1 thereto. The rate on June 7, 1954, for the sale of gas to TGT under the aforesaid rate schedule was 7.306 cents per thousand cubic feet at 14.65 pounds per square inch absolute.

By supplement No. 2 to the aforesaid FPC gas rate schedule No. 3, also filed with the Commission on August 27, 1954, the rate for the sale of gas by Chicago to TGT was increased from 7.306 cents per thousand cubic feet to 7.547 cents per thousand cubic feet. This rate increase was to offset the increase in the production tax made effective by the State of Texas on September 1, 1954.

Supplement No. 3 to the said FPC gas rate schedule No. 3 was filed with the Commission on September 30, 1954, and proposed to be made effective on November 1, 1954. Through the filing of this supplement Chicago proposed to increase its rate for the sale of gas to TGT from 7.547 cents per thousand cubic feet to 12.808 cents per thousand cubic feet, which would result in

a total increase in cost to TGT of approximately $2,184,000 per year. The said supplement was allowed to become effective as proposed and without suspension by the Commission on November 1, 1954.

On August 27, 1954, Chicago filed with the Commission a contract and four supplements thereto providing for the sale and delivery of natural gas to TGT from the Stratton-Agua Dulce and San Salvador fields, Tex. These documents were designated by the Commission as the Chicago Corporation, et al. FPC gas rate schedule No. 5 and supplements Nos. 1 through 4 thereto. The rate on June 7, 1954, for the sale of gas to TGT under the aforesaid schedule, was 9.781 cents per thousand cubic feet at 14.65 pounds per square inch absolute.

By supplement No. 5 to the aforesaid FPC gas rate schedule No. 5, filed with the Commission on August 27, 1954, the rate for the sale of gas to TGT was increased from 9.781 cents per thousand cubic feet to 10.020 cents per thousand cubic feet. This rate increase was to offset the increase in the production tax made effective by the State of Texas on September 1, 1954.

By supplement No. 6 to the aforesaid FPC gas rate schedule No. 5, filed with the Commission by Chicago on September 30, 1954, and proposed to be made effective on November 1, 1954, the rate for the sale of gas to TGT was proposed to be increased from 10.020 cents per thousand cubic feet to 11.903 cents per thousand cubic feet, which would result in a total increase in cost to TGT of approximately $390,000 per year under the supplement. The aforesaid supplement No. 6 was allowed to become effective as proposed and without suspension by the Commission on November 1, 1954.

Thereafter, on August 31, 1955, Tennessee Public Service Commission, et al.[1] filed with the Commission complaints under the provisions of the Natural Gas Act, particularly under sections 5 (a) and 13 thereof, designated docket Nos. G–9277 and G–9280, wherein it was stated, inter alia, that on the basis of the facts recited in the said complaints the rates and charges demanded observed, charged and collected by the defendants,[2] in connection with the sale of natural gas to TGT under and pursuant to the currently effective FPC gas rate schedules Nos. 3 and 5 of the Chicago Corp., et al., are unjust, unreasonable and otherwise unlawful, and are not the lowest reasonable rates, as required by the Natural Gas Act.

In their prayer for relief the said complainants ask this Commission to:

1. Require defendants to answer the allegations of the complaints in writing and under oath within such time as may be specified by the Commission;

2. Promptly institute such investigations and hold such hearings as may be necessary to determine all facts, circumstances and matters required for a final determination as to what are just and reasonable rates to be paid defendants by TGT, and, after hearings, fix by order the just and reasonable rates of defendants to be thereafter observed and in force with respect to sales of natural gas by defendants to TGT;

3. Consolidate the complaints and any proceedings instituted by the Commission on its motion with the proceeding in docket No. G–5259, for both hearing and determination, and make no final determination in the proceedings in docket No. G–5259 prior to a final determination of the issues presented by the complaints and involved in the Commission's investigation; and

4. Grant to complainants such other, further, reasonable, and equitable relief as may be warranted.

In addition to the sales of natural gas hereinbefore specifically referred to, it appears from the Commission's files that the said respondents also engage in other sales of natural gas in interstate commerce. It further appears that, upon the basis of data available to the Commission, the rates, charges, and classifications for or in connection with the sale or transportation of natural gas by the respondents herein, subject to the jurisdiction of the Commission, and the rules, regulations, practices, and contracts relating thereto may be unjust, unreasonable, unduly discriminatory, or preferential.

The Commission finds:

1. It is necessary and proper in the public interest and to aid in the enforcement of the provisions of the Natural Gas Act that investigations be instituted by the Commission, upon its own motion, into and concerning all rates, charges, or classifications demanded, observed, charged, or collected by the said respondents in connection with any transportation or sale of natural gas, subject to the jurisdiction of the Commission, and any rules, regulations, practices, or contracts affecting such rates, charges, or classifications.

2. No good cause has been shown for the Commission to grant complainants' prayer for consolidation of these proceedings with the proceeding designated docket No. G–5259, which is a rate increase proceeding of TGT, nor to delay final determinations in such docket pending conclusion of the investigations in these proceedings.

The Commission orders:

(A) An investigation of respondent, the Chicago Corp., and an investigation of respondent, Gulf Plains Corp., be and they hereby are instituted pursuant to the provisions of the Natural Gas Act for the purpose of enabling the Commission to determine whether, with respect to any transportation or sale of natural gas, subject to the jurisdiction of the Commission, made or proposed to be made by such respondents, any of the rates, charges, or classifications demanded, observed, charged, or collected, or any rules, regulations, practices, or contracts affecting such rates, charges, or classifications are unjust, unreasonable, unduly discriminatory, or preferential.

(B) If the Commission, after a hearing has been had, shall find with respect to the respondents named in paragraph (A) above that any of their rates, charges, classifications, rules, regulations, practices, or contracts subject to the jurisdiction of the Commission, are unjust, unreasonable, unduly discriminatory, or preferential, the Commission will thereupon determine and fix by order or orders just and reasonable rates, charges, classifications, rules, regulations, practices or contracts to be thereafter observed and in force.

(C) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by the Natural Gas Act, particularly sections 5, 14, 15, and 16 thereof, and the Commission's rules of practice and procedure, a public hearing be held upon a date to be fixed by further order of the Commission concerning the matters specified in paragraphs (A) and (B) above.

(D) The prayer for consolidation of these proceedings with the proceeding designated "Docket No. G–6259," as set forth in the complaints filed herein by Tennessee Public Service Commission, et al., be, and it hereby is, denied.

(E) Interested State commissions may participate as provided by sections 1.8 and 1.37 (f) of the Commission's rules of practice and procedure (18 CFR 1.8 and 1.37 (f)).

By the Commission. Commissioner Digby concurring in part and dissenting in part.

LEON M. FUQUAY,
Secretary.

Digby, Commissioner, concurring in part and dissenting in part:

The Commission, by this and other orders adopted today, is instituting an investigation of the rates of a number of independent producers who are selling gas to Tennessee Gas Transmission Co. The rates to Tennessee of each of these independent producers is the subject to a complaint filed by the Public Service Commission of the State of Tennessee, and joined in by many of the distributing companies who buy gas from Tennessee Gas Transmission Co. Answers have been filed by the independent producers to the complaints, and in most instances, if not all, motions to dismiss the complaints for reasons set out in the combination answers and motions are pending. These motions to dismiss have never been considered by the Commission. Aside from the charges contained in the complaints, nothing has been presented to the Commission to indicate that these rates are unlawful. All of the rates are effective rates. I hope that the Commission's action in provoking 5 (a) investigations in these proceedings will not be taken as an indication that a similar course will be followed by the Commission merely because someone has asked for a 5 (a) proceeding. Otherwise all of the rates might soon be under investigation resulting in a breakdown of the administrative process, and without hope of carrying out the purposes of the Natural Gas Act. Furthermore, in this connection I would call attention to the fact that the law requires that rate proceedings under section 4 (e) of the Natural Gas Act be given preference over proceedings under section 5 of the act. At this time many rate hearings are in progress under the provision of 4 (e) of the act.

I am concurring in this and other similar orders provoking 5 (a) proceedings by the Commission insofar as the sales to Tennessee Gas Transmission Co. are concerned and hope that the issuance of these orders is not an empty and meaningless action. The complaint filed by the Public Service Commission of Tennessee, joined in by many others, is entitled to a full and complete hearing at the earliest possible date.

This order, together with others in the same group, contains the following statement:

"In addition to the sales of natural gas hereinbefore specifically referred to, it appears from the Commission's files that the said respondents also engage in other sales of natural gas in interstate commerce. It further appears that, upon the basis of data available to the Commission, the rates, charges, and classifications for or in connection with the sale or transportation of natural gas by the respondents herein, subject to the jurisdiction of the Commission, and the rules, regulations, practices, and contracts relating thereto may be unjust, unreasonable, unduly discriminatory, or preferential."

Based on this statement, the order institutes a 5 (a) investigation of all sales of natural gas in interstate commerce made by the respondent producers. In the first place, I would like to state emphatically that nothing has been pointed out to me which would cause me to join in the above statement. In

[1] The other complainants are: Knoxville Utilities Board; cities of Athens, Clarksville, Fayetteville, Gallatin, and Springfield, Tenn.; Chattanooga Gas Co.; Cleveland Natural Gas Co.; Tennessee Gas Co.; and Tullahoma Natural Gas Co., Inc. All of these named complainants, except Tennessee Public Service Commission and Knoxville Utilities Board, purchase gas directly or indirectly from TGT for resale for public consumption.

[2] In addition to the Chicago Corp., the following defendants were named in the complaint filed in Docket No. G–9277: Hayden Oil Co.; Clyde H. Alexander; Creston H. Alexander; Euna M. Alexander; Glenn E. Alexander; Ben R. Briggs and Hugh M. Briggs, individually and as coadministrators of the estate of Fanny May Briggs, deceased; Charles E. Dimit; Helen Mae Dimit; N. V. Kinsey; R. Lacy, Inc.; B. F. Phillips Petroleum Co.; and Sabine Natural Gas & Products Co.

fact, no single rate has been identified in connection with any sale by any of these respondents other than those to Tennessee. It is my thought that to institute a 5 (a) investigation of rates concerning which we have received no complaint, and concerning which we have no facts to support the above statement, is entirely unrealistic and outside of the purposes of the Natural Gas Act. Furthermore, the enlargement of these proceedings by including investigation of each and every sale of these major gas companies will serve only to defeat the purposes of the Tennessee Public Service Commission's complaint. Also, it will duplicate 4 (e) rate proceedings now in hearing before the Commission.

I support this order insofar as it provokes a 5 (a) investigation concerning the rates specified in the complaints by the Tennessee Public Service Commission and others. I strongly disagree with that part of the order which also provokes a 5 (a) investigation of all rates being charged by respondent producers and not covered by the complaints filed. Actually, no rate other than those complained of has been identified for consideration by the Commission. The enlargement of the proceeding to include all rates charged by the respondent producers is unfair to the parties in the complaint proceeding, and is completely baseless in factual justification.

IN THE MATTER OF ALFRED C. GLASSELL, JR., DOCKET NO. G–9278

Order instituting investigation

Adopted January 26, 1956.

Issued January 27, 1956.

Alfred C. Glassell, Jr. (respondent) is an independent producer of natural gas and is a natural-gas company within the meaning of the Natural Gas Act, being engaged in the sale and delivery of natural gas in interstate commerce for resale for ultimate public consumption.

On September 22, 1954, respondent filed an application for a certificate of public convenience and necessity pursuant to the provisions of section 7 of the Natural Gas Act. This application was designated docket No. G–2956. No hearing has been held or final order issued in such docket to date.

On September 14, 1954, respondent filed with the Commission a contract providing for the sale and delivery of natural gas to Tennessee Gas Transmission Co. (TGT) from the Carthage Field, Tex., which was designated by the Commission as Alfred C. Glassell, Jr., et al. FPC Gas Rate Schedule No. 1. The rate on June 7, 1954, for the sale of gas to TGT under the aforesaid rate schedule was 7.027 cents per thousand cubic feet at 14.65 psia.

By supplement No. 1 to the aforesaid FPC Gas Rate Schedule No. 1, also filed with the Commission on September 14, 1954, the rate for the sale of gas by respondent to TGT was increased from 7.027 cents per thousand cubic feet to 7.2 cents per thousand cubic feet. This rate increase was to offset the increase in the production tax made effective by the State of Texas on September 1, 1954.

Supplement No. 2 to the said FPC Gas Rate Schedule No. 1 was filed with the Commission on October 1, 1954, and proposed to be made effective on November 1, 1954. Through the filing of this supplement respondent proposed to increase its rate for the sale of gas to TGT from 7.200 cents per thousand cubic feet to 12.808 cents per thousand cubic feet, which would result in a total increase in cost to TGT of approximately $1,163,000 per year under the supplement. The said supplement was allowed to become effective as proposed and without suspension by the Commission on November 1, 1954.

Thereafter, on August 31, 1955, Tennessee Public Service Commission et al., filed with the Commission a complaint under the provisions of the Natural Gas Act, particularly under sections 5 (a) and 13 thereof, designated Docket No. G–9278, wherein it was stated, inter alia, that on the basis of the facts recited in the said complaint the rates and charges demanded, observed, charged, and collected by the defendants,[3] in connection with the sale of natural gas to TGT under and pursuant to the currently effective FPC Gas Rate Schedule No. 1 of Alfred C. Glassell, Jr., et al., are unjust, unreasonable, and otherwise unlawful, and are not the lowest reasonable rates, as required by the Natural Gas Act.

In their prayer for relief the said complainants ask this Commission to:

1. Require defendants to answer the allegations of the complaint in writing and under oath within such time as may be specified by the Commission;

2. Promptly institute such investigation and hold such hearings as may be necessary to determine all facts, circumstances and matters required for a final determination as to what are just and reasonable rates to be paid defendants by TGT, and, after hearings, fix by order the just and reasonable rates of defendants to be thereafter observed and in force with respect to sales of natural gas by defendants to TGT;

3. Consolidate the complaint and any proceedings instituted by the Commission on its motion with the proceeding in docket No. G–5259, for both hearing and determination, and make no final determination in the proceedings in docket No. G–5259 prior to a final determination of the issues presented by the complaint and involved in the Commission's investigation; and

4. Grant to complainants such other, further, reasonable, and equitable relief as may be warranted.

On the basis of data available to the Commission, it appears that the rates, charges, and classifications for or in connection with the sale or transportation of natural gas by the respondent herein, subject to the jurisdiction of the Commission, and the rules, regulations, practices, and contracts relating thereto may be unjust, unreasonable, unduly discriminatory, or preferential.

The Commission finds:

1. It is necessary and proper in the public interest and to aid in the enforcement of the provisions of the Natural Gas Act that an investigation be instituted by the Commission, upon its own motion, into and concerning all rates, charges, or classifications demanded, observed, charged, or collected by the respondent in connection with any transportation or sale of natural gas, subject to the jurisdiction of the Commission, and any rules, regulations, practices, or contracts affecting such rates, charges, or classifications.

2. No good cause has been shown for the Commission to grant complainants' prayer for consolidation of this proceeding with the proceeding designated docket No. G–5259, which is a rate-increase proceeding of TGT, nor to delay final determination in such docket pending conclusion of the investigation in this proceeding:

The Commission orders:

(A) An investigation of respondent, Alfred C. Glassell, Jr., be and it hereby is instituted under the provisions of the Natural Gas Act for the purpose of enabling the Commission to determine whether, with respect to any transportation or sale of natural gas, subject to the jurisdiction of the Commission, made or proposed to be made by respondent, any of the rates, charges or classifications demanded, observed, charged, or collected, or any rules, regulations, practices or contracts affecting such rates, charges, or classifications are unjust, unreasonable, unduly discriminatory, or preferential.

(B) If the Commission, after a hearing has been had, shall find with respect to respondent that any of its rates, charges, classifications, rules, regulations, practices, or contracts subject to the jurisdiction of the Commission, are unjust, unreasonable, unduly discriminatory, or preferential, the Commission will thereupon determine and fix by order or orders just and reasonable rates, charges, classifications, rules, regulations, practices, or contracts to be thereafter observed and in force.

(C) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by the Natural Gas Act, particularly sections 5, 14, 15, and 16 thereof, and the Commission's Rules of Practice and Procedure, a public hearing be held upon a date to be fixed by further order of the Commission concerning the matters specified in paragraphs (A) and (B) above.

(D) The prayer for consolidation of this proceeding with the proceeding designated Docket No. G–5259, as set forth in the complaint filed herein by Tennessee Public Service Commission, et al., be, and it hereby is, denied.

(E) Interested State commissions may participate as provided by sections 1.8 and 1.37 (f) of the Commission's Rules of Practice and Procedure (18 CFR 1.8 and 1.37 (f)).

By the Commission. Commissioner Digby concurring in part and dissenting in part.

LEON M. FUQUAY,
Secretary.

IN THE MATTER OF SINCLAIR OIL & GAS CO, DOCKET NO. G–9291; SINCLAIR OIL & GAS CO., DOCKET NO. G–9292

Order instituting investigation

Adopted January 26, 1956.

Issued January 27, 1956.

Sinclair Oil & Gas Co. (Respondent) is an independent producer of natural gas and is a natural gas company within the meaning of the Natural Gas Act, being engaged in the sale and delivery of natural gas in interstate commerce for resale for ultimate public consumption.

On September 21, 1954 (Supplemented November 26, 1954, in Docket No. G–2887 only), Respondent filed applications for certificates of public convenience and necessity pursuant to the provisions of section 7 of the Natural Gas Act. These applications were designated Docket Nos. G–2887 and G–2889. Certificates were granted by orders issued December 22, 1954, and were accepted January 17, 1955.

On September 20, 1954, Respondent filed with the Commission a contract and supplements thereto providing for the sale and delivery of natural gas to Tennessee Gas Transmission Co. (TGT) from the Donna Area, Hidalgo County, Tex., which were designated by the Commission as Sinclair Oil & Gas Co. FPC Gas Rate Schedule No. 3 and Supplements Nos. 1 through 3 thereto. The rate on June 7, 1954, for the sale of gas to TGT under the said rate schedule was 10 cents per thousand cubic feet at 14.65 pounds per square inch absolute.

By supplement No. 5 to respondent's FPC Gas Rate Schedule No. 3, filed wtih the Commission on October 4, 1954, the rate for the sale of gas by respondent to TGT was increased from 10 cents per thousand cubic feet to 10.24 cents per thousand cubic feet. This rate increase was to offset the increase in the production tax made effective by the State of Texas on September 1, 1954.

[3] In addition to Alfred C. Glassell, Jr., the following defendants were named in the complaint: H. B. Langford; City National Bank of Houston, Tex., trustee for, and Alfred C. Glassell, Jr., cotrustee for Alfred Glassell Comegys Trust, William McLloyd Comegys III Trust, Anne Bernard Crichton Trust, Kate Curry Crichton Trust, Janie Curry Lee Trust, Joanna Lee Trust, Alfred McIntyre Stringfellow Trust, and Charles Stringfellow III Trust.

Supplement No. 4 and supplement No. 1 to supplement No. 4 to respondent's FPC Gas Rate Schedule No. 3 were filed with the Commission September 30, 1954 and proposed to be made effective on November 1, 1954. Through the filing of these supplements, respondent proposed to increase its rate for the sale of gas to TGT from 10.24 cents per thousand cubic feet to 12.123 cents per thousand cubic feet, which would result in a total increase in cost to TGT of approximately $117,000 per year under the supplements. The said supplements were allowed to become effective as proposed and without suspension by the Commission on November 1, 1954.

On September 20, 1954, respondent filed with the Commission a contract and supplements thereto providing for the sale and delivery of natural gas to TGT from the Mustang Island Field, Texas. These documents were designated by the Commission as Sinclair Oil & Gas Company FPC Gas Rate Schedule No. 1 and supplements Nos. 1 through 5 thereto. The rate on June 7, 1954, for the sale of gas to TGT under the aforesaid schedule, was 10 cents per thousand cubic feet at 14.65 pounds per square inch absolute.

By supplement No. 7 to respondent's FPC Gas Rate Schedule No. 1 filed with the Commission on October 4, 1954, the rate for the sale of gas to TGT was increased from 10 cents per thousand cubic feet to 10.24 cents per thousand cubic feet. This rate increase was to offset the increase in the production tax made effective by the State of Texas on September 1, 1954.

By supplement No. 6 and supplement No. 1 to supplement No. 6 to respondent's FPC Gas Rate Schedule No. 1, filed with the Commission by respondent on September 30, 1954, and proposed to be made effective on November 1, 1954, the rate for the sale of gas to TGT was proposed to be increased from 10.24 cents per thousand cubic feet to 12.123 cents per thousand cubic feet, which would result in a total increase in cost to TGT of approximately $40,000 per year under the supplements. The aforesaid supplements were allowed to become effective as proposed and without suspension by the Commission on November 1, 1954.

Thereafter, on August 31, 1955, Tennessee Public Service Commission, et al. filed with the Commission complaints under the provisions of the Natural Gas Act, particularly under sections 5 (a) and 13 thereof, designated docket Nos. G-9291 and G-9292, wherein it was stated, inter alia, that on the basis of the facts recited in the said complaints the rates and charges demanded, observed, charged and collected by Sinclair Oil & Gas Co. (defendant) in connection with the sale of natural gas to TGT under and pursuant to the currently effective FPC Gas Rate Schedules Nos. 1 and 3 of respondent, are unjust, unreasonable and otherwise unlawful, and are not the lowest reasonable rates, as required by the Natural Gas Act.

In their prayer for relief the said complainants ask this Commission to:

1. Require defendant to answer the allegations of the complaints in writing and under oath within such time as may be specified by the Commission;

2. Promptly institute such investigations and hold such hearings as may be necessary to determine all facts, circumstances, and matters required for a final determination as to what are just and reasonable rates to be paid defendant by TGT, and, after hearings, to fix by order the just and reasonable rates of defendant to be thereafter observed and in force with respect to sales of natural gas by defendant to TGT;

3. Consolidate the complaints and any proceedings instituted by the Commission on its motion with the proceeding in docket No. G-5259, for both hearing and determination, and make no final determination in the proceedings in docket No. G-5259 prior to a final determination of the issues presented by the complaints and involved in the Commission's investigation; and

4. Grant to complainants such other, further, reasonable, and equitable relief as may be warranted.

In addition to the sales of natural gas hereinbefore specifically referred to, it appears from the Commission's files that the said respondents also engage in other sales of natural gas in interstate commerce. It further appears that, upon the basis of data available to the Commission, the rates, charges, and classifications for or in connection with the sale or transportation of natural gas by respondent herein, subject to the jurisdiction of the Commission, and the rules, regulations, practices, and contracts relating thereto may be unjust, unreasonable, unduly discriminatory, or preferential.

The Commission finds:

1. It is necessary and proper in the public interest and to aid in the enforcement of the provisions of the Natural Gas Act that an investigation be instituted by the Commission, upon its own motion, into and concerning all rates, charges, or classifications demanded, observed, charged, or collected by the respondent in connection with any transportation or sale of natural gas, subject to the jurisdiction of the Commission, and any rules, regulations, practices, or contracts affecting such rates, charges, or classifications.

2. No good cause has been shown for the Commission to grant complainant's prayer for consolidation of these proceedings with the proceeding designated Docket No. G-5259, which is a rate increase proceeding of TGT, nor to delay final determination in such docket pending conclusion of the investigation in these proceedings.

The Commission orders:

(A) An investigation of respondent, Sinclair Oil & Gas Co., be and it hereby is instituted under the provision of the Natural Gas Act for the purpose of enabling the Commission to determine whether, with respect to any transportation or sale of natural gas, subject to the jurisdiction of the Commission, made or proposed to be made by respondent, any of the rates, charges, or classifications demanded, observed, charged, or collected, or any rules, regulations, practices, or contracts affecting such rates, charges, or classifications are unjust, unreasonable, unduly discriminatory or preferential.

(B) If the Commission, after a hearing has been had, shall find with respect to the respondent that any of its rates, charges, classifications, rules, regulations, practices, or contracts subject to the jurisdiction of the Commission, are unjust, unreasonable, unduly discriminatory, or preferential, the Commission will thereupon determine and fix by order or orders just and reasonable rates, charges, classifications, rules, regulations, practices, or contracts to be thereafter observed and in force.

(C) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by the Natural Gas Act, particularly sections 5, 14, 15, and 16 thereof, and the Commission's Rules of Practice and Procedure, a public hearing be held upon a date to be fixed by further order of the Commission concerning the matters specified in paragraphs (A) and (B) above.

(D) The prayer for consolidation of these proceedings with the proceeding designated docket No. G-5259, as set forth in the complaints filed herein by Tennessee Public Service Commission, et al., be, and it hereby is denied.

(E) Interested State commissions may participate as provided by sections 1.8 and 1.37 (f) of the Commission's Rules of Practice and Procedure (18 CFR 1.8 and 1.37 (f)).

By the Commission. Commissioner Digby concurring in part and dissenting in part.

LEON M. FUQUAY,
Secretary.

IN THE MATTER OF RALPH E. FAIR AND RALPH E. FAIR, INC., DOCKET NO. G-9285

Order instituting investigations

Adopted January 26, 1956.

Issued January 27, 1956.

Ralph E. Fair and Ralph E. Fair, Inc. (respondents) are independent producers of natural gas and are "natural-gas companies" within the meaning of the Natural Gas Act, being engaged in the sale and delivery of natural gas in interstate commerce for resale for ultimate public consumption.

On November 29, 1954 Ralph E. Fair filed an application for a certificate of public convenience and necessity pursuant to the provisions of section 7 of the Natural Gas Act. This application was designated Docket No. G-6559. No hearing has been held or final order issued in such docket to date.

On November 29, 1954, Ralph E. Fair, Inc., filed an application for a certificate of public convenience and necessity pursuant to the provisions of section 7 of the Natural Gas Act. This application was designated Docket No. G-6216. A certificate was granted by order issued December 23, 1955 and accepted on January 6, 1956.

On October 25, 1954, respondents filed with the Commission a contract and supplements thereto providing for the sale and delivery of natural gas to Tennessee Gas Transmission Co. (TGT) from the Hagist ranch field and other areas in Duval and Jim Wells Counties, Tex., which were designated by the Commission as Ralph E. Fair, Inc., et al. FPC gas rate schedule No. 3 and supplements Nos. 1 through 5 thereto. The rate on June 7, 1954 for the sale of gas to TGT under the aforesaid rate schedule was 10.0 cents per thousand cubic feet at 14.65 pounds per square inch absolute.

By supplements Nos. 6 and 7 to the aforesaid FPC gas rate schedule No. 3, also filed with the Commission on October 25, 1954, the rate for the sale of gas by respondents to TGT was increased from 10.0 cents per thousand cubic feet to 10.246 cents per thousand cubic feet. This rate increase was to offset the increase in the production tax made effective by the State of Texas on September 1, 1954.

Supplements Nos. 8 and 9 to the said FPC gas rate schedule No. 3 were filed with the Commission on October 25, 1954 and proposed to be made effective on November 1, 1954. Through the filing of these supplements respondents proposed to increase their rate for the sale of gas to TGT from 10.246 cents per thousand cubic feet to 12.123 cents per thousand cubic feet, which would result in a total increase in cost to TGT of approximately $30,000 per year. The said supplements were allowed to become effective as proposed and without suspension by the Commission on November 1, 1954.

Thereafter, on August 31, 1955, Tennessee Public Service Commission, et al, filed with the Commission a complaint under the provisions of the Natural Gas Act, particularly under sections 5 (a) and 13 thereof, designated docket No. G-9285, wherein it was stated, inter alia, that on the basis of the facts recited in the said complaint the rates and charges demanded, observed, charged, and collected by the defendants,[4] in connection with the sale of natural gas to TGT under and pursuant to the currently effective FPC gas rate schedule No. 3 of Ralph E. Fair, Inc., et al., are unjust, unreasonable, and otherwise unlawful and are not the lowest reasonable rates, as required by the Natural Gas Act.

In their prayer for relief the said complainants ask this Commission to:

1. Require defendants to answer the allegations of the complaint in writing and

[4] In addition to Ralph E. Fair and Ralph E. Fair, Inc., the following defendants were named in the complaint filed in docket No. G-9285: Woodward & Co. (a copartnership) and L. W. Callender.

under oath within such time as may be specified by the Commission;

2. Promptly institute such investigations and hold such hearings as may be necessary to determine all facts, circumstances and matters required for a final determination as to what are just and reasonable rates to be paid defendants by TGT, and, after hearings, fix by order the just and reasonable rates of defendants to be thereafter observed and in force with respect to sales of natural gas by defendants to TGT;

3. Consolidate the complaint and any proceedings instituted by the Commission on its motion with the proceeding in docket No. G–5259, for both hearing and determination, and make no final determination in the proceedings in docket No. G–5259 prior to a final determination of the issues presented by the complaint and involved in the Commission's investigation; and

4. Grant to complainants such other, further, reasonable, and equitable relief as may be warranted.

In addition to the sales of natural gas hereinbefore specifically referred to, it appears from the Commission's files that the said respondents also engage in other sales of natural gas in interstate commerce. It further appears that, upon the basis of data available to the Commission, the rates, charges, and classifications for or in connection with the sale or transportation of natural gas by the respondents herein, subject to the jurisdiction of the Commission, and the rules, regulations, practices, and contracts relating thereto may be unjust, unreasonable, unduly discriminatory, or preferential.

The Commission finds:

1. It is necessary and proper in the public interest and to aid in the enforcement of the provisions of the Natural Gas Act that investigations be instituted by the Commission, upon its own motion, into and concerning all rates, charges, or classifications demanded, observed, charged or collected by the said respondents in connection with any transportation or sale of natural gas, subject to the jurisdiction of the Commission, and any rules, regulations, practices, or contracts affecting such rates, charges, or classifications.

2. No good cause has been shown for the Commission to grant complainants' prayer for consolidation of this proceeding with the proceeding designated docket No. G–5259, which is a rate increase proceeding of TGT, nor to delay final determination in such docket pending conclusion of the investigations in this proceeding.

The Commission orders:

(A) An investigation of respondent, Ralph E. Fair, and an investigation of respondent, Ralph E. Fair, Inc., be and they hereby are instituted under the provisions of the Natural Gas Act for the purpose of enabling the Commission to determine whether, with respect to any transportation or sale of natural gas, subject to the jurisdiction of the Commission, made or proposed to be made by such respondents, any of the rates, charges, or classifications demanded, observed, charged, or collected, or any rules, regulations, practices or contracts affecting such rates, charges or classifications are unjust, unreasonable, unduly discriminatory or preferential.

(B) If the Commission, after a hearing has been had, shall find with respect to the respondents named in paragraph (A) above that any of their rates, charges, classifications, rules, regulations, practices, or contracts subject to the jurisdiction of the Commission, are unjust, unreasonable, unduly discriminatory, or preferential, the Commission will thereupon determine and fix by order or orders just and reasonable rates, charges, classifications, rules, regulations, practices or contracts to be thereafter observed and in force.

(C) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by the Natural Gas Act, particularly sections 5, 14, 15, and 16 thereof, and the Commission's Rules of Practice and Procedure, a public hearing be held upon a date to be fixed by further order of the Commission concerning the matters specified in paragraphs (A) and (B) above.

(D) The prayer for consolidation of these proceedings with the proceeding designated docket No. G–5259, as set forth in the complaint filed therein by Tennessee Public Service Commission et al., be, and it hereby is, denied.

(E) Interested State commissions may participate as provided by sections 1.8 and 1.37 (f) of the Commission's Rules of Practice and Procedure (18 CFR and 1.37 (f)).

By the Commission. Commissioner Digby concurring in part and dissenting in part.

LEON M. FUQUAY,
Secretary.

IN THE MATTERS OF THE ATLANTIC REFINING CO., TIDE WATER ASSOCIATED OIL CO., DOCKET NO. G–9283; THE ATLANTIC REFINING CO., DOCKET NO. G–9284

Order instituting investigations

Adopted January 26, 1956.

Issued January 27, 1956.

The Atlantic Refining Co., and Tide Water Associated Oil Co. (Respondents) are independent producers of natural gas and are natural gas companies within the meaning of the Natural Gas Act, being engaged in the sale and delivery of natural gas in interstate commerce for resale for ultimate public consumption.

On October 1, 1954 (supplemented on November 5, 1954 and March 11, 1955) the Atlantic Refining Co. (Atlantic) filed an application for a certificate of public convenience and necessity pursuant to the provisions of section 7 of the Natural Gas Act. This application was designed Docket No. G–3894. A certificate was granted by order issued July 5, 1955 and acceptance filed July 18, 1955.

On September 30, 1954, Tide Water Associated Oil Co., (Tide Water) filed an application for a certificate of public convenience and necessity pursuant to the provisions of section 7 of the Natural Gas Act. This application was designated Docket No. G–3736. A certificate was granted by order issued August 29, 1955, and accepted September 26, 1955.

On October 1, 1954, Atlantic filed with the Commission a contract and supplements thereto providing for the sale and delivery of natural gas to Tennessee Gas Transmission Co. (TGT) from the Mustang Island Field, Texas, which were designated by the Commission as the Atlantic Refining Co. FPC Gas Rate Schedule No. 5 and Supplements Nos. 1 and 2 thereto. The rate on June 7, 1954, for the sale of gas to TGT under the aforesaid rate schedule was 10 cents per M c. f. at 14.65 psia.

By Supplement No. 3 to the aforesaid FPC Gas Rate Schedule No. 5, also filed with the Commission on October 1, 1954, the rate for the sale of gas by Atlantic to TGT was increased from 10 cents per M c. f. to 10.246 cents per M c. f. This rate increase was to offset the increase in the production tax made effective by the State of Texas on September 1, 1954.

Supplement No. 4 to the said FPC Gas Rate Schedule No. 5 was filed with the Commission on October 1, 1954, and proposed to be made effective on November 1, 1954. Through the filing of this supplement Atlantic proposed to increase its rate for the sale of gas to TGT from 10.246 cents per M c. f. to 12.123 cents per M c. f., which would result in a total increase in cost to TGT of approximately $219,000 per year under the supplement. The said supplement was allowed to become effective as proposed and without suspension by the Commission on November 1, 1954.

On August 30, 1954, Tide Water filed with the Commission a contract and supplements thereto providing for the sale and delivery of natural gas to TGT from the Mustang Island Field, Texas. These documents were designated by the Commission as Tide Water Associated Oil Co. FPC Gas Rate Schedule No. 9 and Supplements Nos. 1 through 4 thereto. The rate on June 7, 1954, for the sale of gas to TGT under the aforesaid schedule, was 10 cents per M c. f. at 14.65 psia.

By supplement No. 5 to the aforesaid FPC gas rate schedule No. 9, also filed with the Commission on August 30, 1954, the rate for the sale of gas to TGT was increased from 10 cents per thousand cubic feet to 10.246 cents per thousand cubic feet. This rate increase was to offset the increase in the production tax made effective by the State of Texas on September 1, 1954.

By supplement No. 6 and supplement No. 1 to supplement No. 6 to the aforesaid FPC rate schedule No. 9, filed with the Commission by Tide Water on October 1, 1954, and proposed to be made effective on November 1, 1954, the rate for the sale of gas to TGT was increased from 10.246 cents per thousand cubic feet to 12.123 cents per thousand cubic feet, which would result in a total increase in cost to TGT of approximately $37,000 per year under the supplements. The aforesaid supplements were allowed to become effective as proposed and without suspension by the Commission on November 1, 1954.

On October 1, 1954, Atlantic filed with the Commission a contract and supplements thereto providing for the sale and delivery of natural gas to TGT from the North Minnie Rockfield, Texas, which were designated by the Commission as the Atlantic Refining Co. FPC gas rate schedule No. 6 and supplements Nos. 1 through 3 thereto. The rate on June 7, 1954, for the sale of gas to TGT under the said rate schedule was 9.781 cents per thousand cubic feet at 14.65 pounds per square inch absolute.

By supplement No. 4 to the aforesaid FPC gas rate schedule No. 6, also filed with the Commissoin on October 1, 1954, the rate for the sale of gas by Atlantic to TGT was increased from 9.781 to 10.021 cents per thousand cubic feet. This rate increase was to offset the increase in the production tax made effective by the State of Texas on September 1, 1954.

Supplement No. 5 to the said FPC gas rate schedule No. 6 was filed with the Commission on October 1, 1954, and proposed to be made effective November 1, 1954. Through the filing of this supplement, Atlantic proposed to increase its rate for the sale of gas to TGT from 10.021 cents per thousand cubic feet, which would result in a total increase in cost to TGT of approximately $106,000 per year under the supplement. The said supplement was allowed to become effective as proposed and without suspension by the Commission on November 1, 1954.

Thereafter, on August 31, 1955, Tennessee Public Service Commission, et al. filed with the Commission complaints under the provisions of the Natural Gas Act, particularly under sections 5 (a) and 13 thereof, designated docket Nos. G–9283 and G–9284, wherein it was stated, inter alia, that on the basis of the facts recited in the said complaints the rates and charges demanded, observed, charged and collected by Atlantic and Tide Water (defendants) in connection with the sale of natural gas to TGT under and pursuant to the current effective FPC gas rate schedules, are unjust, unreasonable, and otherwise unlawful, and are not the lowest reasonable rates, as required by the Natural Gas Act.

In their prayer for relief the said complainants ask this Commission to:

1. Require defendants to answer the allegations of the complaints in writing and

under oath within such time as may be specified by the Commission;

2. Promptly institute such investigations and hold such hearings as may be necessary to determine all facts, circumstances and matters required for a final determination as to what are just and reasonable rates to be paid defendants by TGT, and, after hearings, fix by order the just and reasonable rates of defendants to be thereafter observed and in force with respect to sales of natural gas by defendants to TGT;

3. Consolidate the complaints and any proceedings instituted by the Commission on its motion with the proceeding in docket No. G–5259, for both hearing and determination, and make no final determination in the proceedings in docket No. G–5259 prior to a final determination of the issues presented by the complaints and involved in the Commission's investigation; and

4. Grant to complainants such other, further, reasonable and equitable relief as may be warranted.

In addition to the sales of natural gas hereinbefore specifically referred to, it appears from the Commission's files that the said respondents also engage in other sales of natural gas in interstate commerce. It further appears that, upon the basis of data available to the Commission, the rates, charges, and classifications for or in connection with the sale or transportation of natural gas by the respondents herein, subject to the jurisdiction of the Commission, and the rules, regulations, practices, and contracts relating thereto may be unjust, unreasonable, unduly discriminatory, or preferential.

The Commission finds:

1. It is necessary and proper in the public interest and to aid in the enforcement of the provisions of the Natural Gas Act that investigations be instituted by the Commission, upon its own motion, into and concerning all rates, charges or classifications demanded, observed, charged or collected by the said respondents in connection with any transportation or sale of natural gas, subject to the jurisdiction of the Commission, and any rules, regulations, practices or contracts affecting such rates, charges or classifications.

2. No good cause has been shown for the Commission to grant complainant's prayer for consolidation of these proceedings with the proceeding designated Docket No. G–5259, which is a rate increase proceeding of TGT, nor to delay final determination in such docket pending conclusion of the investigations in these proceedings.

The Commission orders:

(A) An investigation of respondent, the Atlantic Refining Co., and an investigation of respondent, Tide Water Associated Oil Co., be and they hereby are instituted under the provisions of the Natural Gas Act for the purpose of enabling the Commission to determine whether, with respect to any transportation or sale of natural gas, subject to the jurisdiction of the Commission, made or proposed to be made by such respondents, any of the rates, charges or classifications demanded, observed, charged, or collected, or any rules, regulations, practices or contracts affecting such rates, charges, or classifications are unjust, unreasonable, unduly discriminatory or preferential.

(B) If the Commission, after a hearing has been had, shall find with respect to the respondents named in paragraph (A) above that any of their rates, charges, classifications, rules, regulations, practices, or contracts subject to the jurisdiction of the Commission, are unjust, unreasonable, unduly discriminatory, or preferential, the Commission will thereupon determine and fix by order or orders just and reasonable rates, charges, classifications, rules, regulations, practices or contracts to be thereafter observed and in force.

(C) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by the Natural Gas Act, particularly sections 5, 14, 15 and 16 thereof, and the Commission's Rules of Practice and Procedure, a public hearing be held upon a date to be fixed by further order of the Commission concerning the matters specified in paragraphs (A) and (B) above.

(D) The prayer for consolidation of these proceedings with the proceeding designated docket No. G–5259, as set forth in the complaints filed herein by Tennessee Public Service Commission, et al., be and it hereby is denied.

(E) Interested State commissions may participate as provided by sections 1.8 and 1.37 (f) of the Commission's Rules of Practice and Procedure (18 CFR 1.8 and 1.37 (f)).

By the Commission. Commissioner Digby concurring in part and dissenting in part.

LEON M. FUQUAY,
Secretary.

IN THE MATTER OF WESTERN NATURAL GAS CO., DOCKET NO. G–9281

Order instituting investigation

Adopted January 26, 1956.

Issued January 27, 1956.

Western Natural Gas Co. (respondent) is an independent producer of natural gas and is a natural-gas company within the meaning of the Natural Gas Act, being engaged in the sale and delivery of natural gas in interstate commerce for resale for ultimate public consumption.

On October 22, 1954, respondent filed an application for a certificate of public convenience and necessity pursuant to the provisions of section 7 of the Natural Gas Act. This application was designated docket No. G–4549. No hearing has been held or final order issued in such docket to date.

On October 22, 1954, respondent filed with the Commission a contract and supplements thereto providing for the sale and delivery of natural gas to Tennessee Gas Transmission Co. (TGT) from the San Salvador field, Texas, which were designated by the Commission as Western Natural Gas Co. FPC gas rate schedule No. 1 and supplements Nos. 1 through 6 thereto. The rate on June 7, 1954, for the sale of gas to TGT under the aforesaid rate schedule was 6.09 cents per thousand cubic feet at 14.65 pounds per square inch absolute.

By supplement No. 7 to respondent's FPC gas rate schedule No. 1, also filed with the Commission on October 22, 1954, the rate for the sale of gas by respondent to TGT was increased from 6.09 cents per thousand cubic feet to 6.289 cents per thousand cubic feet. This rate increase was to offset the increase in the production tax made effective by the State of Texas on September 1, 1954.

On October 22, 1954, respondent filed with the Commission a renegotiated contract, which superseded its FPC gas rate schedule No. 1 as supplemented and which was designated by the Commission as respondent's FPC gas rate schedule No. 2. Supplement No. 1 and supplement No. 1 to supplement No. 1 to such FPC gas rate schedule No. 2 were filed on November 22, 1954. Through the filing of these documents respondent proposed to increase its rate for the sale of gas to TGT to 11.903 cents per thousand cubic feet, which would result in a total increase in cost to TGT of approximately $445,000 per year under the renegotiated contract as supplemented. The said rate schedule and supplements were allowed to become effective without suspension by the Commission on November 22 and December 23, 1954, respectively.

Thereafter, on August 31, 1955, Tennessee Public Service Commission et al., filed with the Commission a complaint under the provisions of the Natural Gas Act, particularly under sections 5 (a) and 13 thereof, designated docket No. G–9281, wherein it was stated, inter alia, that on the basis of the facts recited in the said complaint the rates and charges demanded, observed, charged, and collected by the Western Natural Gas Co. (defendant) in connection with the sale of natural gas to TGT under and pursuant to the currently effective FPC gas rate schedule No. 2 of respondent, are unjust, unreasonable, and otherwise unlawful, and are not the lowest reasonable rates as required by the Natural Gas Act.

In their prayer for relief the said complainants ask this Commission to:

1. Require defendant to answer the allegations of the complaint in writing and under oath within such times as may be specified by the Commission;

2. Promptly institute such investigation and hold such hearings as may be necessary to determine all facts, circumstances, and matters required for a final determination as to what are just and reasonable rates to be paid defendant by TGT, and, after hearings, fix by order the just and reasonable rates of defendant to be thereafter observed and in force with respect to sales of natural gas by defendant to TGT;

3. Consolidate the complaint and any proceedings instituted by the Commission on its motion with the proceeding in docket No. G–5259, for both hearing and determination, and to make no final determination in the proceedings in docket No. G–5259 prior to a final determination of the issues presented by the complaint and involved in the Commission's investigation; and

4. Grant to complainants such other, further, reasonable, and equitable relief as may be warranted.

On the basis of data available to the Commission, it appears that the rates, charges, and classifications for or in connection with the sale or transportation of natural gas by respondent herein, subject to the jurisdiction of the Commission, and the rules, regulations, practices, and contracts relating thereto may be unjust, unduly discriminatory, or preferential.

The Commission finds:

1. It is necessary and proper in the public interest and to aid in the enforcement of the provisions of the Natural Gas Act that an investigation be instituted by the Commission, upon its own motion, into and concerning all rates, charges or classifications demanded, observed, charged or collected by the respondent in connection with any transportation or sale of natural gas, subject to the jurisdiction of the Commission, and any rules, regulations, practices or contracts affecting such rates, charges or classifications.

2. No good cause has been shown for the Commission to grant complainants' prayer for consolidation of this proceeding with the proceding designated docket No. G–5259, which is a rate increase proceeding of TGT, nor to delay final determination in such docket pending conclusion of the investigation in this proceeding.

The Commission orders:

(A) An investigation of respondent, Western Natural Gas Co., be and it hereby is instituted under the provisions of the Natural Gas Act for the purpose of enabling the Commission to determine whether, with respect to any transportation or sale of natural gas, subject to the jurisdiction of the Commission, made or proposed to be made by respondent, any of the rates, charges or classifications demanded, observed, charged, or collected, or any rules, regulations, practices or contracts affecting such rates, charges or classifications are unjust, unreasonable, unduly discriminatory or preferential.

(B) If the Commission, after a hearing has been had, shall find with respect to the respondent that any of its rates, charges, classifications, rules, regulations, practices, or contracts subject to the jurisdiction of the Commission, are unjust, unreasonable, unduly discriminatory, or preferential, the

Commission will thereupon determine and fix by order or orders just and reasonable rates, charges, classifications, rules, regulations, practices, or contracts to be thereafter observed and in force.

(C) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by the Natural Gas Act, particularly sections 5, 14, 15, and 16 thereof, and the Commission's Rules of Practice and Procedure, a public hearing be held upon a date to be fixed by further order of the Commission concerning the matters specified in paragraphs (A) and (B) above.

(D) The prayer for consolidation of this proceeding with the proceeding designated Docket No. G–5259, as set forth in the complaints filed herein by Tennessee Public Service Commission, et al., be and it hereby is denied.

(E) Interested State commissions may participate as provided by sections 1.8 and 1.37 (f) of the Commission's Rules of Practice and Procedure (18 CFR 1.8 and 1.37 (f)).

By the Commission. Commissioner Digby concurring in part and dissenting in part.

LEON M. FUQUAY,
Secretary.

IN THE MATTER OF THE ALTEX CORPORATION
DOCKET NO. G–9282

Order instituting investigation

Adopted January 26, 1956.
Issued January 27, 1956.

The Altex Corp. (respondent) is an independent producer of natural gas and is a "natural-gas company" within the meaning of the Natural Gas Act, being engaged in the sale and delivery of natural gas in interstate commerce for resale for ultimate public consumption.

On October 4, 1954, respondent filed an application for a certificate of public convenience and necessity pursuant to the provisions of section 7 of the Natural Gas Act. This application was designated docket No. G–4102. No hearing has been held or final order issued in such docket to date.

On October 4, 1954, respondent filed with the Commission a contract providing for the sale and delivery of natural gas to Tennessee Gas Transmission Co. (TGT) from the East Alice area, Jim Wells County, Tex., which was designated by the Commission as the Altex Corp. FPC gas rate schedule No. 1. The rate on June 7, 1954, for the sale of gas to TGT under the aforesaid rate schedule was 10 cents per thousand cubic feet at 14.65 pounds per square inch absolute.

By supplement No. 1 to respondent's FPC gas rate schedule No. 1, also filed with the Commission on October 4, 1954, the rate for the sale of gas by respondent to TGT was proposed to be increased from 10 cents per thousand cubic feet to 10.215 cents per thousand cubic feet with respect to tax reimbursement. This rate increase was to offset the increase in the production tax made effective by the State of Texas on September 1, 1954.

Supplement No. 1 and supplements Nos. 1 and 2 to supplement No. 1 to respondent's FPC gas rate schedule No. 1 were filed with the Commission on October 4, 1954, and proposed to be made effective on November 1, 1954, with respect to a favored-nation increase. Through the filing of these supplements, respondent proposed to increase its rate for the sale of gas to TGT from 10.215 cents per thousand cubic feet to 12.123 cents per thousand cubic feet, which would result in a total increase in cost to TGT of approximately $106,000 per year under the supplements. The said supplements were allowed to become effective without suspension by the Commission on November 4, 1954.

Thereafter, on August 31, 1955, Tennessee Public Service Commission et al. filed with the Commission a complaint under the provisions of the Natural Gas Act, particularly under sections 5 (a) and 13 thereof, designated Docket No. G–9282, wherein it was stated, inter alia, that on the basis of the facts recited in the said complaint the rates and charges demanded, observed, charged, and collected by the Altex Corp. (defendant), in connection with the sale of natural gas to TGT under and pursuant to the currently effective FPC gas rate schedule No. 1 of respondent, are unjust, unreasonable, and otherwise unlawful, and are not the lowest reasonable rates, as required by the Natural Gas Act.

In their prayer for relief, the said complainants ask this Commission to:

1. Require defendant to answer the allegations of the complaint in writing and under oath within such time as may be specified by the Commission.

2. Promptly institute such investigation and hold such hearings as may be necessary to determine all facts, circumstances, and matters required for a final determination as to what are just and reasonable rates to be paid defendant by TGT, and, after hearings, fix by order the just and reasonable rates of defendant to be thereafter observed and in force with respect to sales of natural gas by defendant to TGT.

3. Consolidate the complaint and any proceedings instituted by the Commission on its motion with the proceeding in docket No. G–5259, for both hearing and determination, and make no final determination in the proceedings in docket No. G–5259 prior to a final determination of the issues presented by the complaint and involved in the Commission's investigation.

4. Grant to complainants such other, further, reasonable, and equitable relief as may be warranted.

On the basis of data available to the Commission, it appears that the rates, charges, and classifications for or in connection with the sale or transportation of natural gas by the respondent herein, subject to the jurisdiction of the Commission, and the rules, regulations, practices, and contracts relating thereto may be unjust, unreasonable, unduly discriminatory, or preferential.

The Commission finds:

1. It is necessary and proper in the public interest and to aid in the enforcement of the provisions of the Natural Gas Act that an investigation be instituted by the Commission, upon its own motion, into and concerning all rates, charges, or classifications demanded, observed, charged, or collected by the respondent in connection with any transportation or sale of natural gas, subject to the jurisdiction of the Commission, and any rules, regulations, practices, or contracts affecting such rates, charges, or classifications.

2. No good cause has been shown for the Commission to grant complainants' prayer for consolidation of this proceeding with the proceeding designated docket No. G–5259, which is a rate increase proceeding of TGT, nor to delay final determination in such docket pending conclusion of the investigation in this proceeding.

The Commission orders:

(A) An investigation of respondent, the Altex Corp., be and it hereby is instituted under the provisions of the Natural Gas Act for the purpose of enabling the Commission to determine whether, with respect to any transportation or sale of natural gas, subject to the jurisdiction of the Commission, made or proposed to be made by respondent, any of the rates, charges or classifications demanded, observed, charged, or collected, or any rules, regulations, practices or contracts affecting such rates, charges or classifications are unjust, unreasonable, unduly discriminatory or preferential.

(B) If the Commission, after a hearing has been had, shall find with respect to the respondent that any of its rates, charges, classifications, rules, regulations, practices, or contracts subject to the jurisdiction of the Commission, are unjust, unreasonable, unduly discriminatory, or preferential, the Commission will thereupon determine and fix by order or orders just and reasonable rates, charges, classifications, rules, regulations, practices or contracts to be thereafter observed and in force.

(C) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by the Natural Gas Act, particularly sections 5, 14, 15, and 16 thereof, and the Commission's Rules of Practice and Procedure, a public hearing be held upon a date to be fixed by further order of the Commission concerning the matters specified in paragraphs (A) and (B) above.

(D) The prayer for consolidation of this proceeding with the proceeding designated docket No. G–5259, as set forth in the complaint filed herein by Tennessee Public Service Commission, et al., be, and it hereby is denied.

(E) Interested State commissions may participate as provided by sections 1.8 and 1.37 (f) of the Commission's Rules of Practice and Procedure (18 CFR 1.8 and 1.37 (f)).

By the Commission. Commissioner Digby concurring in part and dissenting in part.

LEON M. FUQUAY,
Secretary.

IN THE MATTER OF STANOLIND OIL & GAS CO., CONTINENTAL OIL CO., DOCKET NO. G–9279

Order instituting investigations

Adopted January 26, 1956.
Issued January 27, 1956.

Stanolind Oil & Gas Co. and Continental Oil Co. (respondents) are independent producers of natural gas and are natural-gas companies within the meaning of the Natural Gas Act, being engaged in the sale and delivery of natural gas in interstate commerce for resale for ultimate public consumption.

On November 1, 1954, Stanolind Oil & Gas Co. (Stanolind) filed an application for a certificate of public convenience and necessity pursuant to the provisions of section 7 of the Natural Gas Act. This application was designated docket No. G–4623. No hearing has been held or final order issued in such docket to date.

On November 30, 1954, Continental Oil Co. (Continental) filed with the Commission an application for a certificate of public convenience and necessity pursuant to the provisions of section 7 of the Natural Gas Act. This applicaton was designated docket No. G–6588. No hearing has been held or final order issued in such docket to date.

On November 1 and December 13, 1954, Stanolind filed with the Commission a contract and supplements thereto providing for the sale and delivery of natural gas to Tennessee Gas Transmission Co. (TGT) from the Carthage Field, Tex., which were designated by the Commission as Stanolind Oil & Gas Co. FPC gas rate schedule No. 72 and supplements Nos. 1 through 5 thereto. The rate on June 7, 1954, for the sale of gas to TGT under the aforesaid rate schedule was 7.027 cents per thousand cubic feet at 14.65 pounds per square inch absolute.

By Supplement No. 6 to Stanolind's FPC Gas Rate Schedule No. 72, filed with the Commission on November 1, 1954, the rate for the sale of gas by Stanolind to TGT was increased from 7.027 cents per thousand cubic feet to 7.200 cents per thousand cubic feet. This rate increase was to offset the increase in the production tax made effective by the State of Texas on September 1, 1954.

Supplement No. 7 and Supplement No. 1 to Supplement No. 7 to Stanolind's FPC Gas Rate Schedule No. 72 were filed with the Commission on November 26, 1954, and proposed to be made effective on December 1, 1954. Through the filing of these supplements Stanolind proposed to increase its rate

for the sale of gas to TGT from 7.200 cents per thousand cubic feet to 12.802 cents per thousand cubic feet, which would result in a total increase in cost to TGT of approximately $316,000 per year. The said supplements were allowed to become effective without suspension by the Commission on December 27, 1954. On July 5, 1955, Stanolind filed Supplement No. 2 to Supplement No. 7 to its FPC Gas Rate Schedule No. 72 to correct the rate from 12.802 cents to 12.808 cents per thousand cubic feet.

On November 30, 1954, Continental Oil Co. filed with the Commission a contract and supplements thereto providing for the sale and delivery of natural gas to TGT from the Carthage field, Texas. These documents were designated by the Commission as Continental Oil Co. FPC Gas Rate Schedule No. 3 and Supplements Nos. 1 through 3 thereto. The rate on June 7, 1954, for the sale of gas to TGT under the aforesaid schedule, was 7.027 cents per thousand cubic feet at 14.65 pounds per square inch absolute.

By supplement No. 4 and supplement No. 1 to supplement No. 4 to Continental's FPC gas rate schedule No. 3, filed with the Commission by Continental on November 30, 1954, and proposed to be made effective on December 1, 1954, it was proposed to increase the rate for the sale of gas to TGT to 12.802 cents per thousand cubic feet, which would result in a total increase in cost to TGT of approximately $225,000 per year under said supplements. The aforesaid supplements were allowed to become effective without suspension by the Commission on December 31, 1954.

Thereafter, on August 31, 1955, Tennessee Public Service Commission et al., filed with the Commission a complaint under the provisions of the Natural Gas Act, particularly under sections 5 (a) and 13 thereof, designated docket No. G-9279, wherein it was stated, inter alia, that on the basis of the facts recited in the said complaint the rates and charges demanded, observed, charged, and collected by the defendants,[5] in connection with the sale of natural gas to TGT under and pursuant to the currently effective said FPC Gas Rate Schedules of Stanolind and Continental, are unjust, unreasonable, and otherwise unlawful, and are not the lowest reasonable rates, as required by the Natural Gas Act.

In their prayer for relief the said complainants ask this Commission to:

1. Require defendants to answer the allegations of the complaint in writing and under oath within such time as may be specified by the Commission;

2. Promptly institute such investigations and hold such hearings as may be necessary to determine all facts, circumstances, and matter required for a final determination as to what are just and reasonable rates to be paid defendants by TGT, and, after hearings fix by order the just and reasonable rates of defendants to be thereafter observed and in force with respect to sales of natural gas by defendants to TGT;

3. Consolidate the complaint and any proceedings instituted by the Commission on its motion with the proceeding in docket No. G-5259, for both hearing and determination, and make no final determination in the proceedings in docket No. G-5259 prior to a final determination of the issues presented by the complaint and involved in the Commission's investigations; and

4. Grant to complainants such other, further, and reasonable and equitable relief as may be warranted.

[5] In addition to Stanolind and Continental the following defendants were named in the complaint: Robert K. Crain, Delta Drilling Co., the Hunter Co., Inc., Rogers Lacy, Inc., Warren Petroleum Corp., and N. H. Wheless Oil Co.

In addition to the sales of natural gas hereinbefore specifically referred to, it appears from the Commission's files that the said respondents also engage in other sales of natural gas in interstate commerce. It further appears that, upon the basis of data available to the Commission, the rates, charges, and classifications for or in connection with the sale or transportation of natural gas by the respondents herein, subject to the jurisdiction of the Commission, and the rules, regulations, practices, and contracts relating thereto may be unjust, unreasonable, unduly discriminatory, or preferential.

The Commission finds:

1. It is necessary and proper in the public interest and to aid in the enforcement of the provisions of the Natural Gas Act that investigations be instituted by the Commission, upon its own motion, into and concerning all rates, charges or classifications demanded, observed, charged or collected by the said respondents in connection with any transportation or sale of natural gas, subject to the jurisdiction of the Commission, and any rules, regulations, practices or contracts affecting such rates, charges or classifications.

2. No good cause has been shown for the Commission to grant complainants' prayer for consolidation of this proceeding with the proceeding designated docket No. G-5259, which is a rate increase proceeding of TGT, nor to delay final determination in such docket pending conclusion of the investigations in this proceeding.

The Commission orders:

(A) An investigation of respondent, Stanolind Oil & Gas Co., and an investigation of respondent, Continental Oil Co., be and they hereby are instituted under the provisions of the Natural Gas Act for the purpose of enabling the Commission to determine whether, with respect to any transportation or sale of natural gas, subject to the jurisdiction of the Commission, made or proposed to be made by such respondents, any of the rates, charges or classifications demanded, observed, charged, or collected, or any rules, regulations, practices or contracts affecting such rates, charges or classifications are unjust, unreasonable, unduly discriminatory or preferential.

(B) If the Commission, after a hearing has been had, shall find with respect to the respondents named in paragraph (A) above that any of their rates, charges, classifications, rules, regulations, practices, or contracts subject to the jurisdiction of the Commission, are unjust, unreasonable, unduly discriminatory, or preferential, the Commission will thereupon determine and fix by order or orders just and reasonable rates, charges, classifications, rules, regulations, practices, or contracts to be thereafter observed and in force.

(C) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by the Natural Gas Act, particularly sections 5, 14, 15, and 16 thereof, and the Commission's Rules of Practice and Procedure, a public hearing be held upon a date to be fixed by further order of the Commission concerning the matters specified in paragraphs (A) and (B) above.

(D) The prayer for consolidation of this proceeding with the proceeding designated docket No. G-5259, as set forth in the complaint filed herein by Tennessee Public Service Commission, et al., be, and it hereby is, denied.

(E) Interested State commissions may participate as provided by sections 1.8 and 1.37 (f) of the Commission's Rules of Practice and Procedure (18 CFR 1.8 and 1.37 (f)).

By the Commission, Commissioner Digby concurring in part and dissenting in part.

LEON M. FUQUAY,
Secretary.

IN THE MATTERS OF HUMBLE OIL & REFINING CO., DOCKETS NOS. G-9287, G-9288

Order instituting investigation

Adopted January 26, 1956.

Issued January 27, 1956.

Humble Oil & Refining Co. (respondent) is an independent producer of natural gas and is a "natural-gas company" within the meaning of the Natural Gas Act, being engaged in the sale and delivery of natural gas in interstate commerce for resale for ultimate public consumption.

On September 24, 1954, respondent filed applications for certificates of public convenience and necessity pursuant to the provisions of section 7 of the Natural Gas Act (amended May 12, 1955, and July 5, 1955). These applications were designated dockets Nos. G-3072 and G-3078. Certificates were granted by order issued December 16, 1954, and accepted December 28, 1954.

On September 10, 1954, respondent filed with the Commission a contract and supplements thereto providing for the sale and delivery of natural gas to Tennessee Gas Transmission Co. (TGT) from the Hagist Ranch field, and other fields in Texas, which were designated by the Commission as Humble Oil & Refining Co. FPC Gas Rate Schedule No. 11 and Supplements Nos. 1 through 7 thereto. The rate on June 7, 1954, for the sale of gas to TGT under the aforesaid rate schedule was 10 cents per thousand cubic feet at 14.65 pounds per square inch absolute.

By supplement No. 8, to respondent's FPC gas rate schedule No. 11, also filed with the Commission on September 10, 1954, the rate for the sale of gas by respondent to TGT was increased from 10.0 cents per thousand cubic feet to 10.246 cents per thousand cubic feet. This rate increase was to offset the increase in the production tax made effective by the State of Texas on September 1, 1954.

Supplements Nos. 9 and 10 to respondent's FPC gas rate schedule No. 11, were filed with the Commission on September 29, 1954, and proposed to be made effective on November 1, 1954. Through the filing of these supplements respondent proposed to increase its rate for the sale of gas to TGT from 10.246 cents per thousand cubic feet to 12.123 cents per thousand cubic feet, which would result in a total increase in cost to TGT of approximately $221,000 per year under the supplements. The said supplements were allowed to become effective as proposed and without suspension by the Commission on November 1, 1954.

On September 10, 1954, respondent filed with the Commission a contract and supplement thereto providing for the sale and delivery of natural gas to TGT from the Mariposa field, Texas. These documents were designated by the Commission as Humble Oil & Refining Co. FPC Gas Rate Schedule No. 17 and Supplement No. 1 thereto. The rate on June 7, 1954, for the sale of gas to TGT under the aforesaid schedule, was 10.0 cents per thousand cubic feet at 14.65 pounds per square inch absolute.

By supplement No. 2 respondent's FPC gas rate schedule No. 17, filed with the Commission on September 10, 1954, the rate for the sale of gas to TGT was increased from 10.0 cents per thousand cubic feet to 10.246 cents per thousand cubic feet. This rate increase was to offset the increase in the production tax made effective by the State of Texas on September 1, 1954.

By supplements Nos. 3 and 4 to respondent's FPC Gas Rate Schedule No. 17, filed with the Commission by respondent on September 29, 1954, and proposed to be made effective on November 1, 1954, the rate for the sale of gas to TGT was increased from 10.246 cents per thousand cubic feet to 12.123 cents per thousand cubic feet, which would result in a total increase in cost to TGT of approximately $156,000 per year. The said supplements Nos. 3 and 4 were allowed to

become effective as proposed and without suspension by the Commission on November 1, 1954.

Thereafter, on August 31, 1955, Tennessee Public Service Commission et al. filed with the Commission complaints under the provisions of the Natural Gas Act, particularly under sections 5 (a) and 13 thereof, designated docket Nos. G–9287 and G–9288, wherein it was stated, inter alia, that on the basis of the facts recited in the said complaints the rates and charges demanded, observed, changed, and collected by the defendant (respondent herein) in connection with the sale of natural gas to TGT under and pursuant to the currently effective FPC Gas Rate Schedules Nos. 11 and 17 of respondent, are unjust, unreasonable, and otherwise unlawful, and are not the lowest reasonable rates, as required by the Natural Gas Act.

In their prayer for relief the said complainants ask this Commission to:

1. Require defendant to answer the allegations of the complaints in writing and under oath within such time as may be specified by the Commission;

2. Promptly institute such investigations and hold such hearings as may be necessary to determine all facts, circumstances and matters required for a final determination as to what are just and reasonable rates to be paid defendant by TGT, and, after hearings, fix by order the just and reasonable rates of defendant to be thereafter observed and in force with respect to sales of natural gas by defendant to TGT;

3. Consolidate the complaints and any proceedings instituted by the Commission on its motion with the proceedings in Docket No. G–5259, for both hearing and determination, and make no final determination in the proceedings in Docket G–5259 prior to a final determination of the issues presented by the complaints and involved in the Commission's investigations; and

4. Grant to complainants such other, further, reasonable, and equitable relief as may be warranted.

In addition to the sales of natural gas hereinbefore specifically referred to, it appears from the Commission's files that the said respondents also engage in other sales of natural gas in interstate commerce. It further appears that, upon the basis of data available to the Commission, the rates, charges, and classifications for or in connection with the sale or transportation of natural gas by the respondent herein, subject to the jurisdiction of the Commission, and the rules, regulations, practices, and contracts relating thereto may be unjust, unreasonable, unduly discriminatory, or preferential.

The Commission finds:

1. It is necessary and proper in the public interest and to aid in the enforcement of the provisions of the Natural Gas Act and that investigation be instituted by the Commission, upon its own motion, into and concerning all rates, charges or classifications demanded, observed, charged or collected by the respondent in connection with any transportation or sale of natural gas, subject to the jurisdiction of the Commission, and any rules, regulations, practices or contracts affecting such rates, charges or classifications.

2. No good cause has been shown for the Commission to grant complainants' prayer for consolidation of these proceedings with the proceeding designated docket No. G–5259, which is a rate increase proceeding of TGT, nor to delay final determination in such docket pending conclusion of the investigation in these proceedings.

The Commission orders:

(A) An investigation of respondent, Humble Oil & Refining Co., be and it hereby is instituted under the provisions of the Natural Gas Act for the purpose of enabling the Commission to determine whether, with respect to any transportation or sale of natural gas, subject to the jurisdiction of the Commission, made or proposed to be made by respondent, any of the rates, charges or classifications demanded, observed, charged, or collected, or any rules, regulations, practices or contracts affecting such rates, charges or classifications are unjust, unreasonable, unduly discriminatory or preferential.

(B) If the Commission, after a hearing has been had, shall find with respect to the respondent that any of its rates, charges, classifications, rules, regulations, practices, or contracts subject to the jurisdiction of the Commission, are unjust, unreasonable, unduly discriminatory, or preferential, the Commission will thereupon determine and fix by order or orders just and reasonable rates, charges, classifications, rules, regulations, practices or contracts to be thereafter observed and in force.

(c) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by the Natural Gas Act, particularly sections 5, 14, 15, and 16 thereof, and the Commission's Rules of Practice and Procedure, a public hearing be held upon a date to be fixed by further order of the Commission concerning the matters specified in paragraphs (A) and (B) above.

(D) The prayer for consolidation of these proceedings with the proceeding designated Docket No. G–5259, as set forth in the complaints filed herein by Tennessee Public Service Commission et al., be, and it hereby is, denied.

(E) Interested State commissions may participate as provided by sections 1.8 and 1.37 (f) of the Commission's Rules of Practice and Procedure (18 CFR 1.8 and 1.37 (f)).

By the Commission. Commissioner Digby concurring in part and dissenting in part.

LEON M. FUQUAY,
Secretary.

IN THE MATTER OF THE NUECES CO., DOCKET NO. G–9290

Order instituting investigation

Adopted January 26, 1956.

Issued January 27, 1956.

The Nueces Co. (respondent) is an independent producer of natural gas and is a natural-gas company within the meaning of the Natural Gas Act, being engaged in the sale and delivery of natural gas in interstate commerce for resale for ultimate public consumption.

On October 1, 1954 (supplemented on January 1, 1955), respondents filed an application for a certificate of public convenience and necessity pursuant to the provisions of section 7 of the Natural Gas Act. This application was designated "Docket No. G–3999." No hearing has been held or final order issued in such docket to date.

On October 1, 1954, respondent filed with the Commission a contract and supplements thereto providing for the sale and delivery of natural gas to Tennessee Gas Transmission Co. (TGT) from the Agua Dulce field, Texas, which were designated by the Commission as the Nueces Co. FPC gas rate schedule No. 1 and supplements Nos. 1 through 4 thereto. The rate on June 7, 1954, for the sale of gas to TGT under the aforesaid rate schedule was 9.781 cents per thousand cubic feet at 14.65 pounds per square inch absolute.

By supplement No. 5 to respondent's FPC gas rate schedule No. 1, also filed with the Commission on October 1, 1954, the rate for the sale of gas by respondent to TGT was increased from 9.781 cents per M c. f. to 9.826 cents per M c. f. This rate increase was to offset the increase in the production tax made effective by the State of Texas on September 1, 1954.

Supplement No. 6 to respondent's FPC gas rate schedule No. 1 was filed with the Commission on October 21, 1954, and proposed to be made effective on November 21, 1954. Through the filing of this supplement respondent proposed to increase its rate for the sale of gas to TGT from 9.826 cents per M c. f. to 11.903 cents per M c. f., which would result in a total increase in cost to TGT of approximately $138,000 per year under the supplement. The said supplement was allowed to become effective as proposed and without suspension by the Commission on November 21, 1954.

Thereafter, on August 31, 1955, Tennessee Public Service Commission, et al., filed with the Commission a complaint under the provisions of the Natural Gas Act, particularly under sections 5 (a) and 13 thereof, designated docket No. G–9290, wherein it was stated, inter alia, that on the basis of the facts recited in the said complaint the rates and charges demanded, observed, charged and collected by the Nueces Co. (defendant) in connection with the sale of natural gas to TGT under and pursuant to the currently effective FPC gas rate schedule No. 1 of respondent, are unjust, unreasonable, and otherwise unlawful, and are not the lowest reasonable rates, as required by the Natural Gas Act.

In their prayer for relief the said complainants ask this Commission to:

1. Require defendant to answer the allegations of the complaint in writing and under oath within such time as may be specified by the Commission;

2. Promptly institute such investigation and hold such hearings as may be necessary to determine all facts, circumstances, and matters required for a final determination as to what are just and reasonable rates to be paid defendant by TGT, and, after hearings, fix by order the just and reasonable rates of defendant to be thereafter observed and in force with respect to sales of natural gas by defendant to TGT;

3. Consolidate the complaint and any proceedings instituted by the Commission on its motion with the proceedings in docket No. G–5259, for both hearing and determination, and make no final determination in the proceedings in docket No. G–5259 prior to a final determination of the issues presented by the complaint and involved in the Commission's investigation; and

4. Grant to complainants such other, further, reasonable, and equitable relief as may be warranted.

On the basis of data available to the Commission, it appears that the rates, charges, and classifications for or in connection with the sale or transportation of natural gas by the respondent herein, subject to the jurisdiction of the Commission, and the rules, regulations, practices, and contracts relating thereto may be unjust, unreasonable, unduly discriminatory, or preferential.

The Commission finds:

1. It is necessary and proper in the public interest and to aid in the enforcement of the provisions of the Natural Gas Act that an investigation be instituted by the Commission, upon its own motion, into and concerning all rates, charges, or classifications demanded, observed, charged or collected by the respondent in connection with any transportation or sale of natural gas subject to the jurisdiction of the Commission, and any rules, regulations, practices, or contracts affecting such rates, charges, or classifications.

2. No good cause has been shown for the Commission to grant complainants prayer for consolidation of this proceeding with the proceeding designated docket No. G–5259, which is a rate increase proceeding of TGT, nor to delay final determination in such docket pending conclusion of the investigation in this proceeding.

The Commission orders:

(A) An investigation of respondent, the Nueces Co., be and it hereby is instituted under the provisions of the Natural Gas Act

for the purpose of enabling the Commission to determine whether, with respect to any transportation or sale of natural gas, subject to the jurisdiction of the Commission, made or proposed to be made by respondent, any of the rates, charges, or classifications demanded, observed, charged, or collected, or any rules, regulations, practices, or contracts affecting such rates, charges, or classifications are unjust, unreasonable, unduly discriminatory, or preferential.

(B) If the Commission, after a hearing has been had, shall find with respect to the respondent that any of its rates, charges, classifications, rules, regulations, practices, or contracts subject to the jurisdiction of the Commission, are unjust, unreasonable, unduly discriminatory, or preferential, the Commission will thereupon determine and fix by order or orders just and reasonable rates, charges, classifications, rules, regulations, practices or contracts to be thereafter observed and in force.

(C) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by the Natural Gas Act, particularly sections 5, 14, 15, and 16 thereof, and the Commission's Rules of Practice and Procedure, a public hearing be held upon a date to be fixed by further order of the Commission concerning the matters specified in paragraphs (A) and (B) above.

(D) The prayer for consolidation of this proceeding with the proceeding designated docket No. G–5259, as set forth in the complaints filed herein by Tennessee Public Service Commission, et al., be, and it hereby is, denied.

(E) Interested State commissions may participate as provided in sections 1.8 and 1.37 (f) of the Commission's Rules of Practice and Procedure (18 CFR 1.8 and 1.37 (f)).

By the Commission. Commissioner Digby concurring in part and dissenting in part.

LEON M. FUQUAY,
Secretary.

IN THE MATTER OF GILLRING OIL CO., DOCKET NO. G-9286

Order instituting investigation

Adopted January 26, 1956.

Issued January 27, 1956.

Gillring Oil Co. (respondent), is an independent producer of natural gas and is a natural-gas company within the meaning of the Natural Gas Act, being engaged in the sale and delivery of natural gas in interstate commerce for resale for ultimate public consumption.

On October 1, 1954, respondent filed an application for a certificate of public convenience and necessity pursuant to the provisions of section 7 of the Natural Gas Act. This application was designated docket No. G–3938. No hearing has been held or final order issued in such docket to date.

On October 1, 1954, respondent filed with the Commission a contract and supplements thereto providing for the sale and delivery of natural gas to Tennessee Gas Transmission Co. (TGT) from the Agua Dulce Field, Tex., which were designated by the Commission as Gillring Oil Co. FPC gas rate schedule No. 1 and supplements Nos. 1 through 3 thereto. The rate on June 7, 1954, for the sale of gas to TGT under the said rate schedule was 9.781 cents per thousand cubic feet at 14.65 pounds per square inch absolute.

By Supplement No. 4 to respondent's FPC Gas Rate Schedule No. 1 filed with the Commission on September 30, 1954, the rate for the sale of gas by respondent to TGT was proposed to be increased from 9.781 cents per thousand cubic feet to 10.021 cents per thousand cubic feet. This rate increase was effectuated to offset the increase in the production tax made effective by the State of Texas on September 1, 1954.

Supplement No. 5 and Supplement No. 1 to Supplement No. 5 to respondent's FPC Gas Rate Schedule No. 1 were filed with the Commission on September 30, 1954, and proposed to be made effective on November 1, 1954. Through the filing of these supplements respondent proposed to increase its rate for the sale of gas to TGT from 10.021 cents per thousand cubic feet to 11.903 cents per thousand cubic feet, which would result in a total increase in cost to TGT of approximately $137,000 per year. The said supplements were allowed to become effective as proposed and without suspension by the Commission on November 1, 1954.

Thereafter, on August 31, 1955, Tennessee Public Service Commission, et al., filed with the Commission a complaint under the provisions of the Natural Gas Act, particularly under sections 5 (a) and 13 thereof, designated docket No. G–9286, wherein it was stated, inter alia, that on the basis of the facts recited in the said complaint the rates and charges demanded, observed, charged, and collected by Gillring Oil Co. (defendant) in connection with the sale of natural gas to TGT under and pursuant to the currently effective FPC Gas Rate Schedule No. 1 of respondent, are unjust, unreasonable, and otherwise unlawful, and are not the lowest reasonable rates, as required by the Natural Gas Act.

In their prayer for relief the said complainants ask this Commission to:

1. Require defendant to answer the allegations of the complaint in writing and under oath within such time as may be specified by the Commission;

2. Promptly institute such investigation and hold such hearings as may be necessary to determine all facts, circumstances, and matters required for a final determination as to what are just and reasonable rates to be paid defendant by TGT, and, after hearings, fix by order the just and reasonable rates of defendant to be thereafter observed and in force with respect to sales of natural gas by defendant to TGT;

3. Consolidate the complaint and any proceedings instituted by the Commission on its motion with the proceeding in docket No. G–5259, for both hearing and determination, and make no final determination in the proceedings in docket No. G–5259 prior to a final determination of the issues presented by the complaint and involved in the Commission's investigation; and

4. Grant to complainants such other, further, reasonable an equitable relief as may be warranted.

On the basis of data available to the Commission, it appears that the rates, charges, and classifications for or in connection with the sale or transportation of natural gas by the respondent herein, subject to the jurisdiction of the Commission, and the rules, regulations, practices, and contracts relating thereto may be unjust, unreasonable, unduly discriminatory, or preferential.

The Commission finds:

1. It is necessary and proper in the public interest and to aid in the enforcement of the provisions of the Natural Gas Act that an investigation be instituted by the Commission, upon its own motion, into and concerning all rates, charges, or classifications demanded, observed, charged or collected by the respondent in connection with any transportation or sale of natural gas, subject to the jurisdiction of the Commission, and any rules, regulations, practices or contracts affecting such rates, charges or classifications.

2. No good cause has been shown for the Commission to grant complainant's prayer for consolidation of this proceeding with the proceeding designated docket No. G–5259, which is a rate increase proceeding of TGT, nor to delay final determination in such docket pending conclusion of the investigations in this proceeding.

The Commission orders:

(A) An investigation of respondent, Gillring Oil Co., be and it hereby is instituted under the provisions of the Natural Gas Act for the purpose of enabling the Commission to determine whether, with respect to any transportation or sale of natural gas, subject to the jurisdiction of the Commission, made or proposed to be made by respondent, any of the rates, charges or classifications demanded, observed, charged, or collected, or any rules, regulations, practices or contracts affecting such rates, charges or classifications are unjust, unreasonable, unduly discriminatory or preferential.

(B) If the Commission, after a hearing has been had, shall find with respect to respondent that any of its rates, charges, classifications, rules, regulations, practices, or contracts subject to the jurisdiction of the Commission, are unjust, unreasonable, unduly discriminatory, or preferential, the Commission will thereupon determine and fix by order or orders just and reasonable rates, charges, classifications, rules, regulations, practices or contracts to be thereafter observed and in force.

(C) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by the Natural Gas Act, particularly sections 5, 14, 15, and 16 thereof, and the Commission's Rules of Practice and Procedure, a public hearing be held upon a date to be fixed by further order of the Commission concerning the matters specified in paragraphs (A) and (B) above.

(D) The prayer for consolidation of this proceeding with the proceeding designated docket No. G–5259, as set forth in the complaint filed herein by Tennessee Public Service Commission, et al., be, and it hereby is, denied.

(E) Interested State commissions may participate as provided by sections 1.8 and 1.37 (f) of the Commission's Rules of Practice and Procedure (18 CFR 1.8 and 1.37 (f)).

By the Commission. Commissioner Digby concurring in part and dissenting in part.

LEON M. FUQUAY,
Secretary.

IN THE MATTER OF C. V. LYMAN, DOCKET NO. G–9289

Order instituting investigation

Adopted January 26, 1956.

Issued January 27, 1956.

C. V. Lyman (respondent), is an independent producer of natural gas and is a natural-gas company within the meaning of the Natural Gas Act, being engaged in the sale and delivery of natural gas in interstate commerce for resale for ultimate public consumption.

On April 11, 1955, respondent filed an application for a certificate of public convenience and necessity pursuant to the provisions of section 7 of the Natural Gas Act. This application was designated "Docket No. G–8743" and was supplemented on December 30, 1955. No hearing has been held or final order issued in such docket to date.

On September 17, 1954, respondent filed with the Commission a contract and supplements thereto providing for the sale and delivery of natural gas to Tennessee Gas Transmission Co. (TGT) from the Agua Dulce and Bentonville areas, Nueces and Jim Wells Counties, Texas, which were designated by the Commission as C. V. Lyman FPC gas rate schedule No. 2 and supplements Nos. 1 through 3 thereto. The rate on June 7, 1954, for the sale of gas to TGT under the aforesaid rate schedule was 9.781 cents per thousand cubic feet at 14 pounds per square inch absolute.

By Supplement No. 4 to respondent's FPC gas rate schedule No. 2, also filed with the Commission on September 17, 1954, the rate for the sale of gas by respondent to TGT was proposed to be increased from 9.781 cents per thousand cubic feet to 10.021 cents per thousand cubic feet. This rate increase was to offset the increase in the production tax made effective by the State of Texas on September 1, 1954.

Supplement No. 5 and supplement No. 1 to supplement No. 5 to respondent FPC gas rate schedule No. 2 were filed with the Commission on November 15, 1954, and proposed to be made effective on November 1, 1954. Through the filing of these supplements, respondent proposed to increase its rate for the sale of gas to TGT from 10.021 cents per thousand cubic feet to 11.903 cents per thousand cubic feet, which would result in a total increase in cost to TGT of approximately $124,000 per year under the supplements. The said supplements were allowed to become effective without suspension by the Commission on December 16, 1954.

Thereafter, on August 31, 1955, Tennessee Public Service Commission, et al., filed with the Commission complaints under the provisions of the Natural Gas Act, particularly under sections 5 (a) and 13 thereof, designated docket No. G-9289, wherein it was stated, inter alia, that on the basis of the facts recited in the said complaint the rates and charges demanded, observed, charged, and collected by C. V. Lyman (defendant) in connection with the sale of natural gas to TGT under and pursuant to the currently effective FPC gas rate schedule No. 2 of respondent, are unjust, unreasonable, and otherwise unlawful, and are not the lowest reasonable rates, as required by the Natural Gas Act.

In their prayer for relief the said complainants ask this Commission to:

1. Require defendant to answer the allegations of the complaint in writing and under oath within such time as may be specified by the Commission;

2. Promptly institute such investigation and hold such hearing as may be necessary to determine all facts, circumstances, and matters required for a final determination as to what are just and reasonable rates to be paid defendant by TGT and, after hearings, fix by order the just and reasonable rates of defendant to be thereafter observed and in force with respect to sales of natural gas by defendant to TGT;

3. Consolidate the complaint and any proceedings instituted by the Commission on its motion with the proceeding in docket No. G-5259, for both hearing and determination, and make no final determination in the proceedings in docket No. G-5259 prior to final determination of the issues presented by the complaint and involved in the Commission's investigation; and

4. Grant to complainants such other, further, reasonable, and equitable relief as may be warranted.

In addition to the sales of natural gas hereinbefore specifically referred to, it appears from the Commission's files that the said respondents also engage in other sales of natural gas in interstate commerce. It further appears that, upon the basis of data available to the Commission, the rates, charges, and classifications for or in connection with the sale or transportation of natural gas by the respondent herein, subject to the jurisdiction of the Commission, and the rules, regulations, practices, and contracts relating thereto may be unjust, unreasonable, unduly discriminatory, or preferential.

The Commission finds:

1. It is necessary and proper in the public interest and to aid in the enforcement of the provisions of the National Gas Act that an investigation be instituted by the Commission, upon its own motion, into and concerning all rates, charges or classifications demanded, observed, charged, or collected by respondent in connection with any transportation or sale of natural gas, subject to the jurisdiction of the Commission, and any rules, regulations, practices, or contracts affecting such rates, charges, or classifications.

2. No good cause has been shown for the Commission to grant complainant's prayer for consolidation of this proceeding with the proceeding designated docket No. G-5259, which is a rate increase proceeding of TGT, nor to delay final determination in such docket pending conclusion of the investigation in this proceeding.

The Commission orders:

(A) An investigation of respondent, C. V. Lyman, be and it hereby is instituted under the provisions of the Natural Gas Act for the purpose of enabling the Commission to determine whether, with respect to any transportation or sale of natural gas, subject to the jurisdiction of the Commission, made or proposed to be made by respondent, any of the rates, charges, or classifications demanded, observed, charged, or collected, or any rules, regulations, practices, or contracts affecting such rates, charges, or classifications are unjust, unreasonable, unduly discriminatory, or preferential.

(B) If the Commission, after a hearing has been had, shall find with respect to the respondent that any of its rates, charges, classifications, rules, regulations, practices, or contracts subject to the jurisdiction of the Commission, are unjust, unreasonable, unduly discriminatory, or preferential, the Commission will thereupon determine and fix by order or orders just and reasonable rates, charges, classifications, rules, regulations, practices, or contracts to be thereafter observed and in force.

(C) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by the Natural Gas Act, particularly sections 5, 14, 15, and 16 thereof, and the Commission's Rules of Practice and Procedure, a public hearing be held upon a date to be fixed by further order of the Commission concerning the matters specified in paragraphs (A) and (B) above.

(D) The prayer for consolidation of this proceeding with the proceeding designated Docket No. G-5259, as set forth in the complaint filed herein by Tennessee Public Service Commission, et al., be, and it hereby is, denied.

(E) Interested State commissions may participate as provided by sections 1.8 and 1.37 (f) of the Commission's Rules of Practice and Procedure (18 CFR 1.8 and 1.37 (f)).

By the Commission. Commissioner Digby concurring in part and dissenting in part.

LEON M. FUQUAY,
Secretary.

FREEDOM, FEDERALISM, AND THE FUTURE—ADDRESS DELIVERED BY SENATOR MORSE

Mr. NEUBERGER. Mr. President, in the Shoreham banquet hall last night, the illustrious senior Senator from Oregon [Mr. MORSE] made a most outstanding address on the topic of Freedom, Federalism, and the Future.

This was when the Senator from Oregon deservedly received the annual Sidney Hillman award for meritorious public service. The award was presented by the international president of the Amalgamated Clothing Workers of America, Jacob S. Potofsky. This honor has gone in the past to such noted citizens as Dr. Frank P. Graham, former distinguished Member of the Senate from North Carolina, Herbert H. Lehman, Justice William O. Douglas, and Oscar Ewing. Some of these men were present to pay tribute to my colleague.

With characteristic generosity, Senator MORSE is not retaining for his own use the $1,000 check which accompanies the Sidney Hillman award. Instead, it will be used to establish a scholarship at the University of Oregon Law School. The scholarship will be dedicated to Senator MORSE's devoted friend and former student, James Landye, an able and scholarly labor lawyer, who died in Portland, Oreg., at the untimely age of 45, a few weeks ago. The scholarship will be, jointly, a monument to James Landye, to Sidney Hillman, and to WAYNE MORSE.

Mr. President, I ask unanimous consent that the splendid address on our Federal political system, delivered on this occasion by the senior Senator from Oregon [Mr. MORSE], be printed in the body of the RECORD.

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

FREEDOM, FEDERALISM, AND THE FUTURE

(Address of Senator WAYNE MORSE on receiving the Sidney Hillman Foundation award for meritorious public service, January 26, 1956)

The Sidney Hillman Foundation award is not deserved by me as an individual. In all humility I accept it because of a common faith, shared by Sidney Hillman, that our Federal constitutional system is the guarantor of civil rights and political and economic freedom of choice for the individual in our great Republic.

In accepting the award tonight, I shall discuss Freedom, Federalism and the Future, because I believe that through the implications of that topic we can pay deserved tribute to the self-sacrificing and dedicated service of Sidney Hillman to the economic and political rights of all Americans. Sidney Hillman was a modern day federalist, in that he was a constitutional liberal. By that I mean that he believed, as I do and as I think all liberals should, that under our Federal constitutional system it is a primary responsibility of our Government to see to it through appropriate executive, legislative, and judicial action, that the people of our Nation are protected in, and have the opportunity to enjoy, the private property rights guarantees and the human rights guarantees of our Constitution.

We have a long way still to go in the United States in seeing to it that our people do enjoy the constitutional liberalism which our forefathers wrote so indelibly into the Constitution. At the present time, reactionary political forces of America are staging a resurgence of anti-federalism. Unless they are repudiated, the civil rights and economic rights of millions of fellow Americans will suffer. A serious recession in our historic political philosophy of constitutional rights for the individual is occurring in many parts of America these days. Before more damage is done to our Federal system of Government, we should affirm the sound Lincoln rebuttal to the Calhoun State-supremacy doctrine, namely—under our Federal system the summation of the sovereignty of the several States is less than the sovereignty of the Nation as a whole.

Thus, in accepting the Sidney Hillman Foundation award tonight, I do not do so on any assumption that I am entitled to it because of my record of public service. I accept it only because of my dedicated devotion as a constitutional liberal to a basic symbol of Federal constitutional government which Sidney Hillman shared, and to which I think the American people need to pay great heed in this year of political decision. Our Federal system of Government is being undermined and weakened by anti-federalist forces who know that they can best serve their selfish economic interests and can best expoit the mass of our people in their quest for power through a weakened Federal Government. It is a great honor indeed to receive an award that has been conferred in years past upon such great American as President Truman, Bishop Sheil, Oscar

Ewing, Senator Lehman, Dr. Frank Graham, and Mr. Justice Douglas.

This award has been conferred for great accomplishments in the fields of civil liberties, civil rights, health, and public welfare, education, political science, and law. In accepting the award tonight I would relate the liberties and individual rights of the American people under our Federal system to their economic interests in our natural resources.

LIBERTIES, RIGHTS, AND RESOURCES

Some may wonder whether civil liberties and rights can be grouped in any logical way with the development of natural resources. I submit that they are closely and intimately related.

It is the purpose of our democratic way of life to enable each individual to realize his own highest capabilities. Opportunity for the individual must be based upon freedom of choice intellectually, economically, and politically.

Centuries of suffering and searching, setbacks and steps forward have taught that individual freedom and opportunity are the indispensable conditions of progress. Our own Nation, although quite young in terms of the history of civilization, has demonstrated most fully the vigor and value of the democratic way of life.

The life of Sidney Hillman is a classic example of what the democratic system means to the individual and how a single human being, given the opportunity to do so, can enrich the lives of countless thousands and contribute to the democratic philosophy.

Where but in America could a Lithuanian immigrant develop into one of the leading citizens of his day and have a leading role in creating a whole new concept of the rights and responsibilities of workingmen and women? Sidney Hillman, like Philip Murray and William Green, and other great American leaders in other fields, came from stock that languished in anonymity for centuries of poverty and toil. Surely their talent for creative work and service was shared by their ancestors who lived out their appointed time without any recorded accomplishments. Those talents were buried and possibly burned out during eras when only a few were permitted to enjoy the fruits of the work of the many.

Who knows how many Sidney Hillmans died unfulfilled in the ghettos of Europe? Who knows how many Philip Murrays were ground into insignificance and personal defeat in the mines and mills and the manors of the Old World?

We do know that in this new world of opportunity, with all its imperfections and awkwardness of youth, their talents and vision were translated into accomplishments for them and whole generations.

It is because of men like these and the system in which they could flower, that there is no proletariat and there are no peasants in the United States.

PEOPLE AND PROGRESS

The unequaled progress which this Nation has enjoyed is not the result of the automatic operation of history. Democracy is not a frictionless machine which grinds out accomplishments. We have not reached a plateau of perfection on which we can travel simply on the momentum of past accomplishments. There is no automation to operate a free society.

THE LESSONS OF THE PAST

Our advances teach that there is no substitute for talent planted in the rich soil of democracy.

The unparalleled progress of the United States has been rooted in our democratic processes. That progress has not been uniform nor uninterrupted. The lessons of the past teach that we have moved forward by surges under the impetus of national leadership.

Other western nations have shared in the general benefits of technological progress. We have been aided by the rich resources of our natural resources.

What has set us apart from other less fortunate nations is a system of government that is conducive to individual accomplishment and betterment that redounds to the common good. This is not to say that this Nation has moved forward while others stood still or declined. Progress has not been ours alone. But the United States has achieved a standard of living and a way of life that is the envy and often the inspiration of the world.

THE FEDERAL SYSTEM

Our Federal system, in which State and Nation share authority and responsibility, has been rich in achievement. Throughout our brief and hectic history there have been controversy and struggle over the proper roles of State and Nation.

In the beginning a loose confederacy of absolutely sovereign States was abandoned for a federal union in which the national power was declared supreme in several areas. Shortly after the establishment of the Nation the repressive alien and sedition laws called forth the Virginia and Kentucky resolutions of Jefferson and Madison declaring the right of States to denounce Federal laws as unconstitutional. The Virginia and Kentucky resolutions were adopted before the authority of the Supreme Court to pass upon the constitutionality of Federal action was proclaimed by Marshall, a Virginian, and became rooted in our system. But it was congressional action that ended the Alien and Sedition Acts and reinstated freedom of speech and the press. Both Jefferson and Madison strengthened the prestige and authority of the National Government during their Presidencies. Quite early the Supreme Court of Marshall asserted the exclusive jurisdiction of the Federal Government where it had legislative jurisdiction.

The question of slavery precipitated the most profound and desperate controversy over the respective powers of Nation and State. Calhoun developed the theory of State nullification of Federal acts and laid the philosophical basis for secession.

That question was settled in the complex economic and political situation of the 1860's by the Civil War. Abraham Lincoln, above all others, was the philosopher of the Union. That era culminated in the Federal guaranties of the 14th amendment of civil rights within the States.

Today we find an attempted revival of individual State authority to resist Federal action on the ground of asserted and self-assumed unconstitutionality. This so-called interposition is a new form of secession, shockingly expressed by a Virginia politician at the State level following the recent adoption at the polls of the Gray amendment sanctioning second-class citizenship in Virginia with the comment: "It looks as if we won the Civil War." Despite such braggadocio and verbal swagger, we can expect that the 14th amendment will survive and remain vigorous long after shortsighted racist politicians have strutted their brief day in the public limelight.

Until the turn of the century the Federal-State controversy abated while the adolescent Nation grew westward and developed industrially and financially. Federal land policy in the homestead laws shaped that growth.

Under Theodore Roosevelt the Federal power was given a new direction—Federal legislation and action in the fields of economics and resource development. "Trust-busting" and Federal responsibility for multipurpose development of water resources were both designed to promote economic democracy as a protection of political democracy. Theodore Roosevelt gave classic expression to the view that large concentrations of private economic power endangered the free exercise of political rights and popular government. In action he demonstrated the responsibility of the National Government to control the growth of big business to preserve economic freedom. This policy was also applied to the use of natural resources to insure maximum development in the interests of those who owned them—the people of the Nation. We must never forget the economic rights of the individual cannot be separated from his political rights, even though we have an administration whose leader says he is a liberal in human rights but a conservative in economic questions. It is the clear duty of our Federal Government to follow a course of action that will protect and foster the economic welfare of the people of our Nation as a whole. That is why under our Federal system it is the duty of the Federal Government to protect the economic rights of the people of the Nation from such exploitation as a giveaway of their heritage in tidelands, in the maximum electric power and flood control potential of their rivers, including those at Hells Canyon on the Snake. The people have the right to be protected by their National Government from private monopoly exploitation of natural gas and executive collusion to the economic detriment of the people in such shady deals as Dixon-Yates.

The obligations of the Federal Government to the people to protect their intertwined political and economic rights also underlaid Wilson's New Freedom and Franklin Roosevelt's New Deal.

By and large, the great eras of advance and reform were nutured by Federal action. Certainly local and State activities contributed immeasurably to those waves of advance as with factory inspection laws, workmen's compensation and State extension of the franchise and other political reforms in which my own State of Oregon was a pioneer.

Vigorous national government in the fields of both personal liberty and economic reforms have been resisted by a resurgence of the philosophy of States rights. I would not deprecate for a moment the enormous contributions of the States to the progressive perfection of our nationwide democracy. Nor would I take a backseat to anyone in defending the primary jurisdiction of the States over several areas of our organized life, such as in local control of education. That great conservative libertarian Justice Holmes advocated freedom for "the making of social experiments that an important part of the community desires, in the insulated chambers afforded by the several States * * *". That was sound doctrine when he enunciated it in 1921 and it is sound doctrine today.

However, we must be on guard against the invoking of States rights to defeat or waken sound and proper and urgent national programs. Throughout the New Deal programs to relieve mass distress and revive the private enterprise system were resisted and fought in the name of States rights. Many of those programs were designed to and did encourage the States to initiate and carry through needed programs with Federal aid and matching State expenditures. Many of those programs were Federal in origin and financing but administered by the States. The attack was made nonetheless.

And it has continued to this day with vehemence and vigor. Without a doubt many who criticize the extent of Federal activities do so with the greatest sincerity and from the highest motives. It is unfortunate that others are impelled by lack of understanding. And still others cynically desire that the burdens of needed programs be placed upon those less able to bear them.

STATES RIGHTS AND CIVIL LIBERTIES AND RIGHTS

No region and no group have a monopoly of either virtue or vision. Progress in the protection of individual liberty and opportunity has been uneven in both time and place.

Yet there can be no doubt that the libertarian philosophy of the Declaration of Independence and the guaranties of the Federal Constitution and Bill of Rights have been the mainspring and bulwark of liberty and equal opportunity.

They have shaped and inspired men of good will throughout our land and, indeed, the world. In times of challenge and doubt it has been the principles of the Federal Constitution and their application by the Supreme Court of the United States that have reaffirmed the rules of law and liberty.

The basic freedoms of speech, assembly, the press and individual conscience have been made the law of the land by the Federal Constitution.

It has been the Supreme Court acting for the Nation in applying the Constitution that has said to local officials and courts: Thou shalt not lend official aid to treat any group of citizens of the United States unequally.

THE CURRENT CRISIS IN EDUCATION

We are faced today with a constitutional crisis in the field of education. There is no agency of Government that touches all citizens more intimately than the schools. Local autonomy has been and must remain unchallenged. Equally local education must operate within the framework of fairness and availability called for by the Federal constitutional guaranty of equal protection of the laws.

Individual liberty is the highest ideal of our system. That system is founded upon the conviction that such liberty is best preserved by the rule of law with all of its procedural guaranties and even-handedness insured by the Constitution.

There are those who threaten to reject the rule of law because it has come into conflict with their beliefs as to the proper method of educating children who are white and children who are Negroes.

This Nation and the rule of law have withstood such challenges before. Our greatest safeguard has been the inherent lawfulness of our people in fundamental matters despite our usual irreverence for authority. That, we trust and hope will see us through the present difficulty.

But I would say to those who bridle and would resist the final arbiter of law under the Constitution. Take care that you do not proceed to lawlessness, for lawlessness is its own defeat.

CURBING THE CONSTITUTION

In the economic field, the battle of attrition against the use of Federal programs to promote the general welfare has continued unabated.

The constitutional attacks of the Liberty League and like-minded opponents of Federal action have been rejected. Under the 10th amendment the States do have rights. As I have said repeatedly in the Senate States rights can be asserted only where the National Government goes beyond the powers given to it by the Constitution. But the clamor of States rights is repeatedly raised—without constitutional validity—where avoidance of Federal action, or any governmental action is sought. It often has become a slogan and a shibboleth to turn over a subject to the States in the confidence that 48 legislatures are harder to persuade than the one National Congress.

A new phase of fear has been substituted. For motives both good and bad, the bugaboo of Federal domination has been raised to frighten people into opposition to Federal discharge of constitutional functions.

It was hardly more than a year ago that the President of the United States, while dedicating a Federal multipurpose dam on the Columbia River, warned against the evils of Federal monopoly in the electric power field.

This was a scare argument having no basis in fact. Nationally, the Federal agencies generate only 13 percent of all electric power. In the area in which the President spoke private utilities distribute most of the Federal power.

The present administration came into power on a propaganda wave of distilled distrust of the Federal Government. Candidate Eisenhower, with no civilian experience, inveighed against long-haired bureaucrats in Washington. Having taken office, his administration has continued to warn against the excesses of Federal Government. This administration has committed more sins in the name of antifederalism than its party predecessors perpetrated in the cause of normalcy.

Self-denial of power is a wholesome thing. But the destruction and dissipation of governmental programs and the sowing of seeds of distrust in the National Government is a disservice to the Nation.

This administration has attempted to excuse unconscionable acts of favoritism—such as the attempted Dixon-Yates and Hells Canyon giveaways—in the name of limiting Federal activities—activities and programs sanctioned by nothing less than the Constitution of the United States.

The attack has been many pronged. The Hoover Commission and its task forces—loaded with biased and self-interested advocates—have spearheaded this attack upon a National Government that is responsive to national needs.

So the Hoover Task Force on Power and Resources stated that "these activities should be reexamined in the light of what is sound business and good public policy, irrespective of the legal extent to which they can be expanded under the Constitution." That has a familiar ring.

I would prefer as a yardstick that what is good constitutional law is good for business, and everyone else.

It is one of the myths of anti-Federalism that the national debt has grown so much that more and more responsibilities should be handed back to the States.

This has been a favorite of the administration and those who endorse its plan to turn the clock back, how far back we cannot be sure. Yet between the last year of World War II and 1952, when the antifederalists took office, the gross and net Federal debt declined. During the same period State debt almost tripled and local debt almost doubled.

The fact is that State and local governments now face greater difficulties in meeting their already large responsibilities and many have reached the statutory limits for debt imposed by law. In addition, despite the exemption of local government land income from Federal taxation, State and local governments pay higher interest than the Federal Government when they borrow. This difficult situation has been made more difficult by the policies of this administration in raising interest rates on United States Government bonds, thereby raising interest rates for all borrowers, including State and local governments.

This is strange action indeed for a Federal administration which abdicates its responsibilities and piously proclaims that it is turning back to the States, programs for citizen welfare and service.

By some odd coincidence the economic and States' rights policies of this anti-Federalist administration always result in less service to the public and more profits to bankers and big business.

THE DOLLAR SIGN IN STATES RIGHTS

The crowning irony is that there is a most emphatic dollar sign in the States rights controversy. This is so because State and local taxes bear most heavily on low-income groups, while Federal taxes, despite a trend since 1942 to the contrary, have been progressive.

This is clearly shown in a recent report of the Joint Committee on the Economic Report based upon 1954 taxes.

Let us take a program financed by the Federal Government on one hand, and State and local governments on the other. For each $1,000 collected for a Federal program, an individual earning under $3,000 would pay $81. For the same expenditure by State and local governments, he would pay almost double. Compare this with the share paid by an individual earning over $10,000; he pays almost 50 percent more to the Federal Government than to his State and local government.

My own State of Oregon is a good example because it is not extreme. We have beaten down attempts to impose the sales tax again and again. Yet on a comparative basis, State and local taxes bear more heavily on low-income earners than on those in upper brackets.

Assuming a Federal aid to education program of $1 billion, Oregon would receive $10 million on a per child basis. Oregon's Federal tax payments for the program would be approximately $9 million. This difference represents no saving to those in Oregon with income of $7,500 or over. But if the revenue were raised in Oregon for the extra million it would receive on Federal aid that 1 million would have to be paid by Oregonians earning under $7,500 a year.

This is the almost universal pattern, except that in most States it is worse. On the average, 60 percent of State and local income—the most regressive taxes—comes from sales and excise taxes. The Federal Government obtains only 15 percent of its revenue from this source.

The pattern is clear. The reduction of Federal activities and shifting them to the States means that upper bracket taxpayers bear less of the load and those less able to pay bear more of it.

Progressive taxation is part of the democratic philosophy. We have observed the comparative weakness and instability of some European countries that do not practice it.

In this country the anti-Federalists would eliminate or shift needed Federal programs to the States. This means shifting the tax burden to the already overburdened States and localities and consumers or abandonment of the governmental function.

This is a key consideration in Federal aid to education which this anti-Federalist administration has fought for 3 years. Only recently it has modified its position—with the usual too-little, too-late formula.

In the last 3 years this administration has avoided and scrimped on medical research and other social services in order to balance off multi-billion dollar tax relief to large corporations, large estates, and stockholders.

This administration has been scuttling investments in flood control, power and irrigation development to justify its tax giveaway and transfer great and profitable power sites to private utilities.

This, then, is the dollar sign in the anti-Federalist, States rights drive.

DEMOCRATIC GOVERNMENT SERVES THE PEOPLE

In past periods of progress it has been the Federal Government that has been the ultimate protector of individual rights. It has been the Federal Government that has done the necessary job to root out depression and provide a measure of security for all citizens. It has not done this alone, but it has set the pattern and the pace.

This has been done democratically—with both large and small "d"s—by Presidents elected by the Nation and by the men and women elected to Congress. The Federal Government has been under the control of the people and responsive to their needs and will.

There is much to be done to improve and make more democratic all levels of Government. It is unwise and unfair to disparage

the Federal Government which is, through the judiciary, the final defender of individual liberty, and through the legislative and executive machinery, the patternmaker for the national economy. If anything, the job today is to meet the difficulties of State and local governments by aiding them in meeting their present responsibilities more adequately thereby maintaining their integrity.

The Federal Government, with the protections afforded by the separation of power system of the Constitution, has been and should be the guardian and protector of individual rights. By appropriate discharge of its assigned duties, it shall remain the servant of the people and the shield of economic and political democracy.

In my opinion, it is subversive to the cause of freedom to instill distrust and lack of confidence in our system of Federal sovereignty. As a constitutional liberal, I hold to the point of view that the underlying purpose of our Federal system of delegated powers is to promote the general welfare of the people of the Nation as a whole. It is a conviction of mine that the promotion of the general welfare of the people of the Nation as a whole is the keystone of our Federal constitutional system.

This concept of constitutionalism is the pulsating heart of constitutional liberalism. It pumps into our Government system the very lifeblood of our free society, i. e., the general welfare of our people. Therefore, I do not accept the point of view of those State's righters who still cling to the notion that the sovereignty of the State is superior to the sovereignty of the Federal Government, even if in the exercise of State sovereignty the general welfare of the people of the Nation as a whole is denied.

The approach of the constitutional liberal to the questions of Federal sovereignty does not mean that the Federal Government becomes the master and not the servant of the people nor does it mean that the Federal Government encroaches upon State sovereignty where predominant national interests are not involved. What it does mean is that each citizen of each State must never forget that he is a citizen of the United States and that his primary responsibility as master rather than as servant of Government is to follow a course of citizen statesmanship action which will promote the general welfare of the people of the Nation as a whole.

The State righter tends to overlook the dynamics of the constitutional doctrines written into our basic law. He overlooks the flexibility and adjustability of those doctrines to changing social, economic, and political conditions from decade to decade. He tends to interpret the Constitution as a system of static rules to be applied by a dead, rather than a living hand of the law. He would have the Federal Government relinquish more and more of its sovereign rights and duties in the field of interstate commerce, natural resources, monopoly control, taxation, civil rights, and yes, in almost every field in which the enforcement of Federal jurisdiction is essential to promoting and protecting the general welfare of the people of the Nation as a whole.

We cannot escape the fact that the general welfare of our people as a whole cannot be dissected according to State lines. If the constitutional liberal is right in his contention that the promotion of the general welfare of our people is the keystone of our constitutional system, then that fact dictates that the several States and the Federal Government should approach issues involving national interests on a coordinated and cooperative basis. However, that does not mean that coordination and cooperation are a one-way street, calling upon the Federal Government to delegate more and more of its Federal sovereignty to the States. To the contrary, the constitutional liberal contends that the general welfare of our people will not be promoted unless the sovereign rights of the Federal Government are applied and administered uniformly across the Nation as a whole.

One of the great dangers in the growing demand on the part of the State righter for a delegation of more and more Federal jurisdiction to the States, as in the case of labor legislation, for example, is growing legal, economic, social, and political inequality within the United States. This unfortunate trend violates a basic guaranty of the equality of justice, to which guaranty our constitutional fathers were dedicated.

It is my deep conviction that the American people, as the masters of their Federal Government through the application of our constitutional system of checks and balances, have no cause in fact to fear their Federal Government. To the contrary, the promotion of their general welfare is dependent in no small measure upon the Federal Government, through their elected representatives exercising, through constitutional legislation, the jurisdictional sovereignty of the Federal Government.

In accepting the Sidney Hillman Foundation award, I have discussed my views of federalism because I think they epitomoze Sidney Hillman's devotion to the ideals of equality of economic opportunity, equality of political rights, and equality of justice for all fellow Americans as citizens of the United States, irrespective of State lines.

According to my sights, if our generation is to keep faith with the rightful heritage of future generations in our Federal constitutional system we must resist the varied attempts to weaken constitutional Federal sovereignty.

TRIBUTE TO SENATOR MORSE

Mr. NEUBERGER. Mr. President, I ask unanimous consent to have printed in the RECORD an article by Mr. George L. Scott, International News Service staff correspondent in Portland, Oreg., about the forthcoming "WAYNE MORSE Battle" in Oregon, along with an article written by me for INS stating why I think my colleague should be reelected to the United States Senate this year.

In spite of charges by Oregon Republicans, the campaign against Senator MORSE cannot be based upon facts and issues. It will center around personal attacks on Senator MORSE. This is because Oregon Republicans have no real issue against the Senator.

Of course, they are bitter because Senator MORSE had the independence and courage to change his political affiliation. But his attackers neglect to mention that such illustrious Americans as Abraham Lincoln, Theodore Roosevelt, George W. Norris, Wendell L. Willkie, and Robert M. LaFollette also changed political parties. It is an act of political valor when a man rises above partisanship to place his principles beyond political allegiance.

I have served with Senator MORSE during the past year in the United States Senate. I know him, as other Senators know him—as a loyal, conscientious, faithful and courageous public servant. I think our State and Nation would be the losers, indeed, if Senator MORSE were to retire from the Senate either voluntarily or through a defeat at the polls.

WAYNE MORSE offers a model of public service for young men and women who desire to enter public life in the United States. Perhaps much less known than his capacity for public service is the fact that Senator MORSE is a devoted husband and father. I have rarely met a person who shows such affection and fondness for his family—and they for him. Many times, when Senator MORSE has been holding the Senate floor in some lonely battle for the people, I have seen Mrs. Morse and one or more of their daughters in the Senate gallery, there to encourage him on. I know how much this support means to him in carrying on in the face of the unfair attacks so frequently made against him by Republican spokesmen in Oregon.

In addition to the other material, I ask that there also be included in the RECORD an editorial from the January 21, 1956, edition of Labor's Daily, under the title "WAYNE MORSE—National Asset."

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

WAYNE MORSE BATTLE IN OREGON

(By George L. Scott)

PORTLAND, OREG., January 20.—The Wayne Morse battle will soon be in full flame throughout Oregon.

With the State's primary only 4 months away, political observers predict the Oregon senatorial race will be the hottest campaign in the Nation.

Oregon Democrats are determined to retain full senatorial power in the Senate for the first time in 40 years. This was presented to them "on a platter" when GOP-elected Senator MORSE shifted to the Democratic side.

MORSE's defection has aroused political circles in this nominally Republican State to fever pitch. Charges and counter charges have come from both sides.

To date, only the GOP candidate has signed for the primary contest. This is State representative Elmer Deetz, Canby dairy farmer. He registered without fanfare or apparent blessing from the State Republican committee.

Would-be GOP candidates are generally marking time until Gov. Paul Patterson declares his intentions around the first of February. Those close to the Governor think he will enter the primary and become an odds-on favorite to win the nomination and oppose MORSE in November.

Two money-raising banquets, a $100-a-plate function tonight to listen to President Eisenhower on a closed TV circuit, and a February 2 dinner addressed by Ezra Taft Benson, Secretary of Agriculture, will spark the GOP drive to fill its campaign coffers.

In a statement to international news service, Oregon's Democratic Senator RICHARD L. NEUBERGER pointed out:

"Recent dispatches in Oregon newspapers quoted leaders of the Republican Party as saying that 'unstinted financial support' will be given in 1956 to the opponent of Senator WAYNE MORSE. It is my opinion that this torrent of money will not wash MORSE out of the Senate. The votes of the people of Oregon cannot be swayed by a blitzkrieg of cash on barrelhead.

"Although many issues will appear in the campaign, I believe that the entire question of public power and conservation of natural resources will prove to be decisive. Senator MORSE is on the wise and progressive side of this issue, so far as the people are concerned."

NEUBERGER predicted, "the Republicans will make much of the fact that Senator MORSE has changed his political affiliation. I doubt if the average man and woman will consider this is a sin. A political party is not sacred. It is the duty of an official to follow his conscience rather than a party banner."

Speaking for the Republicans, Wendall Wyatt of Astoria, Republican State central committee chairman, declared that they will "rely on facts and issues" and "the facts and

issues we have on Senator MORSE are on our side."

"Senator MORSE," said Wyatt, "attacks the personal integrity of his opponents from President Eisenhower on down. We, on the other hand, will not descend to 'smears' or personalities.

Oregon's senior Senator says he will campaign on his record. That is what we want him to do, because he has an inexcusably poor record."

Wyatt declared that MORSE has little to show for his 11 years in office and charged that "few men in public life have been wrong so many times as Senator MORSE."

STATEMENT BY RICHARD L. NEUBERGER

Recent dispatches in Oregon newspapers quoted leaders of the Republican Party as saying that "unstinted financial support" will be given in 1956 to the opponent of Senator WAYNE MORSE. It is my opinion that this torrent of money will not wash MORSE out of the Senate. The votes of the people cannot be swayed by a blitzkreig of cash on the barrelhead.

Although many issues will figure in the campaign, I believe that the entire question of public power and conservation of natural resources will prove to be decisive. Senator MORSE is on the wise and progressive side of this issue, so far as the people are concerned.

The Pacific Northwest was benefiting by a sound Federal program of river development until that program was stopped by Secretary of the Interior McKay and the present administration. The program had been nonpartisan. MORSE believes this program should be restored. A majority of Oregon's people emphatically agree with him.

The Republicans will make much of the fact that Senator MORSE has changed his political affiliation. He was originally elected as a Republican. Now he is a Democrat. I doubt if the average man and woman will consider this a sin. A political party is not sacred. It is the duty of an official to follow his conscience rather than a party banner. Lincoln began as a Whig and ended as a Republican. George Norris changed from Republican to Independent. Theodore Roosevelt transferred to the Bull-Moose Party after being a Republican. Wendell L. Willkie, who was to be the 1940 Republican candidate for President, started out in politics as a Democrat.

Republican leaders cannot challenge MORSE's position on fundamental issues—social security, aid to education, public power, world trade, the farm question. Therefore, these Republican leaders claim (1) that MORSE betrayed the Republican Party and (2) that MORSE talks too much or is absent too much.

Such trivialities, I find, have scant appeal to average voters. In the first place, most voters themselves put principles above party. They admire that kind of independence in candidates. Secondly, the other charges against MORSE have largely been dissipated by the facts. For example, the Oregon State Republican chairman attacked MORSE for allegedly having a poor attendance record. Figures for the recent first session of the 84th Congress soon disclosed that MORSE had been far more often present during roll calls than 2 out of Oregon's 3 Republican House Members.

Because of the strong Republican trend in Oregon in the past, many easterners think of Oregon as a reactionary State. This is not true. Oregon was the first State to adopt the initiative and referendum, the State which led in commemorating Labor Day, the State that showed the way in a modern road system. But, in the past, Republican leadership in Oregon, typified by McNary, was progressive. Now the Republican Party officials in our State have reverted to extreme conservatism.

In conclusion, I predict that the character assassination which was used against me in 1954 will fail in the tense 1956 campaign, if it is tried against Senator MORSE. The average resident of Oregon does not believe any political campaign offers the slightest excuse for shelving the 10 Commandmants and the Sermon on the Mount.

[From Labor's Daily of January 21, 1956]

WAYNE MORSE—NATIONAL ASSET

The disciples of predatory wealth in Oregon, still smarting from the walloping liberal Senator RICHARD NEUBERGER gave them 2 years ago when he defeated the GOP's darling of the Power Trust, former Senator Guy Cordon, are in for another licking.

This time the haymakers will be delivered by the voters and one of the Nation's outstanding statesmen, Senator WAYNE MORSE.

MORSE is running for reelection as a Democrat. He originally was a Republican, but kicked out of the traces in disgust during the 1952 presidential campaign and became an independent. A man of the highest integrity and moral stamina, MORSE was unable to stomach the Republicans' gutter style of campaigning, and threw his support to Adlai Stevenson. Some time later he decided to cast his lot with other great liberals in the Democratic Party.

One of the best known figures in the Senate, MORSE has rendered outstanding service to the country as well as his own State. His brilliant mind and forceful oratory, always amply backed by a mastery of his subjects, make him a formidable opponent in debate.

MORSE has waged an effective battle against the power trust in Oregon, and nationally. He ridiculed Interior Secretary Douglas McKay, calling him the worst head of that Department since the scandals of the Harding administration. He voted against giving President Eisenhower blanket authority in the Quemoy and Matsu crisis.

MORSE invariably is found on the side of labor and the plain people.

Thus it is inevitable that he should incur the wrath of Oregon's Republican-dominated, business-controlled press.

Like NEUBERGER, who was supported by only two of the State's more than a score of daily newspapers, MORSE will be a prime target of a press slavishly devoted to profits instead of people.

He'll be lambasted as a deserter from Republican ranks, as a left-winger, starry-eyed socialist, stooge of the labor "bosses" and all the other worn out, tiresome cliches greedy wealth and reactionaries throw at tried and proved servants of the people.

But MORSE's honesty and intelligence and his unswerving devotion to his country and his constituents will see him through to victory.

He has said that he will campaign on his record. Less competent candidates often say that. In MORSE's case, however, it is a record that will stand microscopic examination by the voters.

WAYNE MORSE is one of America's great assets. Oregon voters surely recognize they have been accorded a rare privilege in sending a man of his caliber to Congress.

They should return him there by the greatest majority ever given to a candidate for such an important position.—RSW.

IMMIGRATION LAWS DEMAND ATTENTION

Mr. KUCHEL. Mr. President, thus far the Senate has had no opportunity even to consider one highly important piece of legislation which demands our attention.

On repeated occasions the President of the United States has asked Congress to consider revising the immigration laws of our country by eliminating the inequities and inequalities which are now a part of them.

I wish very briefly to repeat several paragraphs from the state of the Union message which the President presented early in January:

In keeping with our responsibility of world leadership and in our own self-interest, I again point out to the Congress the urgent need for revision of the immigration and nationality laws. Our Nation has always welcomed immigrants to our shores. The wisdom of such a policy is clearly shown by the fact that America has been built by immigrants and the descendants of immigrants. That policy must be continued realistically with present-day conditions in mind.

I recommend that the number of persons admitted to this country annually be based not on the 1920 census but on the latest, the 1950 census. Provision should be made to allow for greater flexibility in the use of quotas, so, if one country does not use its share the vacancies may be made available for the use of qualified individuals from other countries.

The law should be amended to permit the Secretary of State and the Attorney General to waive the requirements of fingerprinting on a reciprocal basis for persons coming to this country for temporary visits. This and other changes in the law are long overdue and should be taken care of promptly. Detailed recommendations for revision of the immigration laws will be submitted to the Congress.

Mr. President, there is a number of bills now pending in the Judiciary Committee on this subject. I regret and deplore the fact that thus far in this Congress no action of any kind has been taken upon them, and no consideration whatsoever has been given to the problems involved. The Senate of the United States has not had an opportunity to consider the matter at all, because the committee has failed to make any recommendations and has sent no proposals whatever to us.

Mr. President, one of the great newspapers of my State, the San Francisco Call-Bulletin, has published an excellent editorial entitled "America's Racist Immigration Law," under date of January 16, and I ask unanimous consent that that editorial be made a part of my remarks at this point in the RECORD.

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

AMERICA'S RACIST IMMIGRATION LAW

An important piece of unfinished business has been called to the attention of Congress by President Eisenhower.

It concerns changes which should be made, and made promptly, in our immigration laws.

Specifically, it concerns the un-American discrimination inherent in certain provisions of the Immigration and Nationality Act of 1952, generally known as the McCarran-Walter Act.

This legislation was in many ways constructive, and it contains many good features (screening out Communists who would sneak into the United States, for instance) favored by virtually all Americans.

But it also has provisions which create an urgent need for revision of the law, as the President put it in his state of the Union message. And it should be kept in mind that in calling for a revision of the act neither President Eisenhower nor this newspaper is urging or favors outright repeal of the McCarran-Walter measure. The distinc-

tion between "revision" and "repeal" is, we hope, clear to everyone interested in seeing that such an important act reflects the ageless principles of true Americanism.

The most pressing need is for revision of that section of the act containing the formula setting immigration quotas.

Whatever the original purpose of this formula may have been, it is in effect discriminatory.

Under the act as now written, immigration quotas are set up according to the national origins of the white population in the United States at the time of the 1920 census.

The practical result of this formula has been to assign about 82 percent of the annual immigration quota to the nations of northern and western Europe, and to discriminate cruelly against the others.

Another result of the present law has been to hold the immigration ceiling at the abnormally low figure of 154,000 a year, whereas we could, and should, admit more. (The figure of 251,000 has been suggested as suitable to the country's needs and capacities.)

What the present law says, in effect, is that an Englishman or a German, for instance, is welcome in the United States, but that a Greek or an Italian or a Jew from eastern Europe is not.

This, obviously, is notoriously contrary to the American concept of judging a man by his individual worth, not by his nationality or religion, and the contrast is so stark that the Communists have seized upon it to make propaganda against America all over the world.

Ironically, the present act is keeping out of this country literally thousands of worthy and distressed human beings—many of them fugitives from Communist oppression—whose presence in this country would be an asset to the Nation.

The refuge of our shores is withheld from those who need it, and held out to those who don't. Britain, to cite an example, now has an annual quota of 65,000, of which about 8,000 a year come in. Greece has a quota of 300—with more than 20,000 Greeks registered for immigration.

President Eisenhower wisely proposes that the immigration act be brought up to date so that the quotas are assigned on the basis of the 1950 census rather than that of 1920. And he has further urged that "provisions should be made to allow for greater flexibility in the use of quotas, so if one country does not use its share, the vacancies may be made available for the use of qualified individuals from other countries."

Congress should act speedily and favorably upon his recommendations.

As the President said, the need is urgent.

And it is the need of the Nation, as well as those from afar who would join the ranks of our citizens.

UPPER HARBOR PROJECT, MINNEAPOLIS, MINN.

Mr. HUMPHREY. Mr. President, the head of navigation of the great Upper Mississipi Waterway presently lies below the Falls of St. Anthony at Minneapolis. There a small landing of no more than 16 acres comprises the entire terminal facilities for the great city of Minneapolis—a financial, commercial and industrial city of well over half a million people. Since the 1930's it has been the dream of Minneapolis and the great area of Minnesota served by Minneapolis to construct a major harbor above the Falls of St. Anthony which would be capable of handling river traffic from the 9-foot channel of the Ohio and Mississippi Rivers.

The authorized navigation project which provided for the 9-foot channel up to the present Minneapolis Barge Terminal below St. Anthony Falls was modified by the Rivers and Harbors Acts of August 26, 1937, and March 2, 1945, to provide for extending the improvement a distance of 4.6 miles farther up the Mississippi River and through the heart of Minneapolis.

During the 1st session of the 84th Congress I supported appropriations to make possible the completion by spring of 1956 of the lower lock and dam of the project. These funds were appropriated, and work is presently nearing completion on the lower lock.

In the meantime, an investigation has gone forward conducted by the Corps of Engineers to review the entire project in the light of the rising costs since the original authorization in 1945. This was done in compliance with a resolution adopted in August 1954 by the Committee on Public Works of the House of Representatives.

The district engineer's report was submitted on April 15, 1955. This review report recommends completion of the St. Anthony Falls extension. The report has been approved by the division engineer and is presently being considered by the Board of Engineers for Rivers and Harbors of the Corps of Engineers. A special hearing by the board was announced for January 20, 1956, in the city of Minneapolis. In the weeks preceding this hearing, I received a statement and a number of letters and resolutions supporting the completion of the project. At this time I ask unanimous consent of the Senate to print at this point in the RECORD a number of letters and resolution which illustrate the kind of support which the upper harbor project enjoys in the Minneapolis area.

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

CONTINUATION AND COMPLETION OF THE EXTENSION OF THE 9-FOOT CHANNEL TO THE NORTH CITY LIMITS OF MINNEAPOLIS

(Statement of Arthur D. Strong, president, A. D. Strong Co., Minneapolis, Minn.)

My name is Arthur D. Strong. I am president of A. D. Strong Co., industrial realtors in the city of Minneapolis. I have beeen actively engaged in the rental and sale of industrial properties in the city of Minneapolis since 1919, over 35 years. I was secretary of the Upper Mississippi Waterway Association from 1930 to 1955. I have been actively connected with the group of river proponents who brought about the canalization of the 9-foot channel from St. Louis to Minneapolis, which as you know was authorized in 1930 and finished in 1940. As an industrial realtor in Minneapolis I have long advocated the extension of the 9-foot channel to the north city limits of Minneapolis, realizing the inadequate harbor facilities below St. Anthony Falls within the corporate city limits of Minneapolis. The present approximate 16 acres of land used for harbor facilities for our city is extremely hampered because of the topography of the river and the fact that the University of Minnesota is on the easterly banks of the Mississippi River at this point and many large hospitals are located on the westerly banks, limiting road access and rail access to the present river frontage at this location.

To extend the 9-foot channel to the north city limits of Minneapolis above St. Anthony Falls an authorization was made by the Congress in 1937 but because of legal objections made by the principal railroads in this area on account of the changes in the bridges and the fact that through the authorization of 1937 the city money was to be used for the changing of these bridges, necessitated delay in the starting of this project which should have started in the year 1937 when costs were low. We did not get approval of the final authorization until approximately 1941 which was the beginning of World War II. Further delays because of the war prevented the original appropriation until such time as costs were greatly increased. However, as you know, it is a matter of history that the first appropriation was made for stage I which provided for the dredging from the present harbor limits to the lower dam and after herculean efforts on the part of the proponents of this project and with the aid of our delegation in Washington, funds have been appropriated for the completion of the lower lock which is now under construction and which will be completed in the fiscal year 1956.

It was recommended by the board of directors of the Minneapolis Chamber of Commerce at the suggestion of Congressman WALTER H. JUDD, that the Public Works Committee of the Board of Engineers be requested to resurvey this project to schedule the future work on the upper lock and dam. This move was taken in order to help relieve the financial obligations of our country which were carrying unusually high expenditures for defense purposes and foreign aid assistance. I would like to point out that it was never, in my opinion, the intention of the chamber of commerce to eliminate this project since their present stand endorses the completion of the project. The request was only for the purpose of rescheduling the timing of appropriation of funds for the completion of the 9-foot channel to the north city limits of Minneapolis.

As you know, the tonnage on the upper Mississippi River has increased far in excess of the expectations of the proponents of water transportation. The tonnage to the Twin Cities area this year, which includes Minneapolis, St. Paul, and the Minnesota River, totals over 5,300,000 tons, nearly a million tons more than the preceding year.

As an industrial real estate man I am aware of a number of large and responsible industries who are interested in industrial locations which would give them rail, water, and truck transportation. As you know, there is a large acreage of land available on the approximately 6 miles of frontage above St. Anthony Falls to the north city limits of Minneapolis. Further, the completion of this project will give relatively easy access to further industrial areas above the north city limits of Minneapolis where there is large acreage of land with rail and truck service available. I am fully aware of the small power dam owned by the Northern States Power Co. at Fridley which has a small lift. By the completion of this project this would give easy access to water transportation to such important industrial areas as exist in the county of Anoka where are located such industries as the Northern Pump Co., the Minnesota Linseed Oil Co., the new electric power company at Elk River adjacent to the Mississippi River, etc. Below Elk River is 1,200 acres of industrial land in Anoka County owned by General Mills, Inc., which would lend itself as an excellent site should it have water transportation for a large chemical plant such as the W. R. Grace Co. or the Dupont Co. for the making of urea in this area. As you know, we have easy access to a large supply of natural gas and urea and its type of chemical industries for fertilizer manufacture is needed in this farm-producing area to rehabilitate the soil.

The St. Paul district, as stated by your own district engineer, has benefited by the development by private capital of riverside industrial plants in the amount of $125 million. It was the river that motivated such important industrial plants as the new oil refinery at South Bend together with a new chemical plant, the installation of the Minnesota Mining & Manufacturing Co. at Hastings, Minn., the fertilizer plant at St. Paul, the Archer-Daniels elevator at St. Paul, the new gravel development by J. L. Shiely Co., together with a site for the Marquette Cement Co. and others. Water transportation has given to St. Paul a tremendous industrial impetus which is truly beneficial to both industry and agriculture.

The Minnesota River with its present authorized 2½-foot channel is of course important. At the present time there is located on the Minnesota River the Black Dog plant of the Northern States Power Co. which uses a large northern movement of bulk coal. Port Cargill at Savage, Minn., is a tremendous terminus where a great deal of bulk grain is moved south and they also receive bulk coal, bulk oil, and molasses. This tonnage on the Minnesota River has also proved beneficial to industry and agriculture.

As an industrial realtor and a member of the Society of Industrial Realtors, who not only sells industrial real estate in Minneapolis but in other communities, such as Memphis, Milwaukee, East St. Louis, etc., I fully appreciate the important elements considered by large industrial organizations in need of low-cost water transportation on our inland waterways system. It is my firm belief that Minneapolis, St. Paul, and the present facilities of Port Cargill on the Minnesota River are all needed to fully take care of the future potential industrial growth of this area. The Minnesota River even though it is subject to severe high-water stages will be beneficial to certain types of industrial development. Since 1940 it has certainly been demonstrated that St. Paul, as the principal northern terminus of the 9-foot channel, has benefited because of water transportation. Likewise, the extension of the 9-foot channel to the north city limits of Minneapolis will give to Minneapolis, the largest metropolitan city at the northerly end of this great waterway, an opportunity to develop industrially, and to offer to large eastern industrial concerns an opportunity to locate in Minneapolis in order to take advantage of our splendid labor and serve a very large trade territory, including Minnesota, North and South Dakota, and eastern Montana.

It is my opinion as an industrial real-estate man that there has been expressed in Minneapolis a great deal of irresponsible thinking as to the potential operations of the Minnesota River even though it be canalized to a 9-foot depth. My principal reason for criticizing this irresponsible thinking is the fact that the Minnesota River extends westerly approximately 1,600 miles. It is an alluvial stream winding along the bottom of an old glacier bed. This river, as we know, is subject to severe flooding. It is not unusual for the stretch from Port Cargill to the mouth of the Mississippi River to rise at least 27 feet. This terrific rise, of course, floods large areas on both sides of the river and it would be difficult for me as an industrial real-estate man to recommend many types of industries that may wish to use this location to invest large sums of money for capital improvements that would be subject to such serious flood conditions. The danger of flooding industrial areas has been recently crystallized by the serious flood damage in the northeastern industrial areas of the United States this last year.

There are those who, of course, wish to create a 9-foot channel on the Minnesota River to Chaska, Minn. This, of course, will necessitate an authorization by the Congress which is a long, tedious, and difficult task. It took many years to get the authorization for the 9-foot channel from St. Louis to Minneapolis enacted, and equally many years to get the authorization for the extension of the 9-foot channel to the north city limits of Minneapolis.

We have been advised that public authorities in St. Paul are very anxious and interested in authority for the development of Pig's Eye Island which at the present time is subject to severe flooding and must be raised and filled to safe stage to interest industrial improvement. This, too, necessitates authorization by the Congress. It is my belief that eventually this will be done but again it will take many years and such improvement is in the far distant future.

Historically, Minneapolis is the 16th largest city in the United States, and the only city of its size that does not have adequate water transportation, and a city which is not only a commercial city but an industrial city serving probably the largest and richest trade territory in the United States. Its industrial growth has been evidenced by these basic elements.

In conclusion, the extension of the 9-foot channel to the north city limits of Minneapolis is now properly authorized and is a continuing contract and a large portion of the work is completed and paid for. The city of Minneapolis has appropriated a tremendous sum of money, time, and effort for many years urging the Federal Government to complete this project. I personally urge that this Board approve unqualifiedly the recommendation that Congress appropriate sufficient funds for the early completion of this project as now presently authorized by Congress, for by so doing it will be of the greatest benefit to industry, labor, and commerce serving this important trade area.

JANUARY 5, 1956.

OSBORNE MCMILLAN ELEVATOR CO.,
Minneapolis, Minn., January 13, 1956.

INDUSTRIAL COMMITTEE, MINNEAPOLIS CHAMBER OF COMMERCE,
Minneapolis, Minn.

GENTLEMEN: The hearing by the United States Corps of Engineers on the upper harbor development will be held in Minneapolis on January 20. This is the sort of project on which associations such as ours always have done yeoman work for the cities which they represent, and we believe the Minneapolis Chamber of Commerce should give it aggressive and wholehearted support. We earnestly solicit such support.

* * * * *

While we know that the grain tonnage on our rivers is now substantial, we also know that it will continue to grow. The present population of the United States is approximately 167 million as against approximately 150 million in 1950. At the present rate of growth, and this should be accelerated because of the immense number of new families being established, the rate of increase could be about three to four million per year. That would mean that 25 years hence our population would be in the neighborhood of 240 to 250 million people. It is generally agreed that the largest percentage of population growth will be in the Southern, Southeastern, Southwestern, and Western States. This is the area that has and will continue to depend on the upper Midwest for a large proportion of its food and feeds. This means that large amounts will move from our northwest farms into these areas. In order to be competitive, these agricultural commodities will have to move by water.

Also, the river is intended to supply an outlet for our agricultural products for export. The expansion of our foreign markets depends on South American countries and the East and Far East. European countries to which we formerly exported large volumes of food are becoming self-sustaining, viz, France which has now become an export nation on wheat. The upper harbor would release 90 million bushels of landlocked grain-storage capacity located within the city of Minneapolis to help serve these outlets. These statements are made to refute the idea that the St. Lawrence Seaway should in any way be used as an argument against the development of the upper harbor. We do not believe there is any conflict between the two.

From the standpoint of national defense, the upper harbor would be invaluable. Transportation facilities are always strained during good-business cycles and have been and would again be in the event of armed conflict.

The Minneapolis tax load will continue getting heavier. The need for more teachers, police, firemen, and others, as well as the increase in compensation to these people, is a serious problem.

We should try to retain industry now located here and encourage new industries to come in. The saturation point in home building has very nearly been reached, and we must turn to industry for additional revenue. Is it logical, therefore, that industry should be invited to move or locate on the Minnesota River or St. Paul, or elsewhere?

We sincerely believe that in view of the above facts the upper harbor is economically justified. However, this country has been built on projected thinking and has become the great Nation that it is by preparing in advance for projected growth.

In each circumstance, the realized growth has far exceeded the projected growth. To illustrate historically: the Louisiana Purchase, the Alaska Purchase, the Panama Canal. There were, of course, many others, but these are mentioned because they bring out the idea more clearly. None of these projects was economically justified, and each brought severe criticism to the administration in office at the time, but they represented sound thinking by responsible people.

There are many more favorable factors justifying the completion of the upper harbor in Minneapolis, but we believe those outlined here are sufficient and that you will give this project your sincere and undivided support in order to assure an affirmative report by the Corps of Engineers.

Respectfully yours,

PHILIP E. PAQUETTE,
Executive Vice President.

RESOLUTION OF THE MINNEAPOLIS BOARD OF REALTORS

Resolved by board of directors of the Minneapolis Board of Realtors, That upon unanimous recommendation of its Industrial and Waterways Committee, the board of directors of the Minneapolis Board of Realtors reaffirms its position in support of the Upper Harbor project which position has been consistent since the inception of the project dating back to 1935–37;

Further, that the board of directors are proud of the constructive efforts made over the past 30 years by such members of its organization as S. S. Thorpe, C. N. Chadbourn, W. W. Morse, and of late, of course, A. D. Strong, toward the construction of the 9-foot channel and ultimate authorization for the Upper Harbor;

Further, that the board of directors of the Minneapolis Board of Realtors has the utmost faith in the future development of the city of Minneapolis specifically and the upper Midwest area generally and firmly believes we should do all in our power to secure authority for construction of every available form of transportation which will make for easier access to and from our city for industry and businesses within its limits;

Further, that it be the considered opinion of the board of directors of the Minneapolis Board of Realtors that the completion of the Upper Harbor project will be entirely justified in the future by the expansion and industrial growth of our city through full

utilization of excellent harbor facilities available to the city limits and even in the future beyond that point: Therefore, be it

Resolved, That the board of directors of the Minneapolis Board of Realtors urges upon the United States Army Board of Engineers for Rivers and Harbors, that it abandon any ideas of modifying the existing authority for construction of a Federal navigation project in the vicinity of St. Anthony Falls and that it proceed with all haste toward completion of this long-awaited project.

Adopted this 10th day of January 1956 by board of directors of the Minneapolis Board of Realtors.

ANTON G. HANSON,
President.
BERNARD G. RICE,
Executive Vice President.

THIRTEENTH AVENUE BUSINESS MEN'S ASSOCIATION,
Minneapolis, Minn., May 12, 1955.
Senator HUBERT H. HUMPHREY,
United States Senate,
Washington, D. C.

DEAR SENATOR: We would like to inform you that our association went on record favoring the completion of the Upper Mississippi Harbor for the following reasons:

1. National defense (the river cannot be bombed out).
2. Warehousing and storage of vital materials for Middle Northwest States.
3. Cheaper freight cost for bulk merchandise.
4. Jumpoff place for air freight to Canada and Alaska.
5. Possible connection—Mississippi with Lake Superior.
6. Natural waterway for transportation, boating, recreation from the Gulf, Middle States, etc., to Minnesota vacation land.

These and other arguments plead for its completion but we believe you know them all. However, we urge you to continue the good fight in our behalf and to oppose most strenuously any opposition. You are doing your utmost, we know, and thank you for it.

RAY MIKOLAJCZYK,
Secretary-Treasurer.

RESOLUTION OF CAMDEN-FREMONT BUSINESS MEN'S ASSOCIATION, MINNEAPOLIS, MINN.

Whereas the authorized Federal navigation project in the vicinity of St. Anthony Falls, Minn., commonly referred to as the Mississippi River upper harbor project, was initiated upon recommendation of the Corps of Engineers of the United States Army; and

Whereas, since the initiation of said project, over $12 million in Federal and local funds will have been expended in completion of that part of the work already undertaken; and

Whereas said upper harbor project provides for extension of the existing 9-foot channel to a potential harbor and terminal area in the city of Minneapolis, and no modification of the project as presently authorized would produce a satisfactory 9-foot channel to the proposed harbor and terminal area at lesser cost than the existing plan; and

Whereas vast benefits will accrue to industry located in and about Minneapolis and St. Paul, and to farmers and business and labor generally throughout the upper midwestern area of the United States: Therefore be it

Resolved, That the Camden-Fremont Business Men's Association of Minneapolis, Minn., in regular meeting assembled this 5th day of December 1955, urgently request that the Mississippi River upper harbor project be expeditiously completed in accordance with existing authorization, as recommended by the Corps of Engineers of the United States Army, and be it further

Resolved, That copies of this resolution be sent to the Corps of Engineers of the United States Army, to Minnesota's United States Senators and Representatives in Congress, to the National Rivers and Harbors Congress, and to all other organizations, public bodies, and officials concerned with said project.

WEST BROADWAY BUSINESS ASSOCIATION,
Minneapolis, Minn., December 19, 1955.
Hon. HUBERT H. HUMPHREY,
United States Senate,
Washington, D. C.

DEAR SENATOR: The executive board of the West Broadway Commercial Club has been directed by the members to write this letter at this time, strongly urging speedy completion of the Federal navigation project in the vicinity of St. Anthony Falls, Minn.

For many years the people of Minneapolis and surrounding territory have looked forward to the completion of this project, commonly referred to as the Mississippi River upper harbor project.

Now that the work has reached nearly the half-way stage of construction, and present commitments and completed work involve over $12 million in Federal and local funds, it would be an economic tragedy to have the project abandoned or crippled by modification of the presently authorized plans.

Extension of the present 9-foot channel to the potential harbor and terminal area, as now authorized, will bestow great economic benefits on the entire contributory trade area—a large part of the upper midwestern part of the United States.

Our organization joins with other supporters of the project in requesting completion of the upper harbor project in accordance with present authorizations, and at the earliest possible time. Please do all that you can to help and hasten this work.

Thank you for your kind consideration of this matter, your past favorable action, and your continued cooperation until the project is completed.

Sincerely yours,

G. M. WEINBERG,
President.

Mr. HUMPHREY. On January 20, 1956, I submitted testimony to the Board of Engineers for Rivers and Harbors, meeting at Minneapolis, Minn. This hearing was participated in by representatives of the city of Minneapolis and many of the business and industrial leaders of our community, as well as spokesmen for inland water transportation. Because of the importance of the St. Anthony Falls extension in the economy of the Upper Midwest, I ask unanimous consent of the Senate to print at this point in the RECORD my testimony in behalf of the continuation of the project.

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

STATEMENT OF HUBERT H. HUMPHREY, UNITED STATES SENATE, BEFORE THE BOARD OF ENGINEERS FOR RIVERS AND HARBORS, MINNEAPOLIS, MINN., JANUARY 20, 1956

A generation ago, the 9-foot channel of the Mississippi was completed as far north as the municipal landing below Minneapolis, around the bend of the Mississippi below the falls of St. Anthony. The lowest cost means of transportation—water transportation—was thus provided to the Twin Cities from New Orleans on the Gulf of Mexico and from the great coal centers on the upper Ohio River. The Twin Cities, at that time, joined a great web of inland water transportation.

Estimates of increased tonnage at the time this 9-foot channel was completed were considered by many as visionary. "Water transportation" it was said "is fading." "The 9-foot channel will never pay for itself."

What, in fact, has happened to the volume of river traffic in this past generation? Everywhere in the Nation, it has expanded greatly. On the upper Mississippi Waterway, it has expanded far beyond the dreams of the builders of the 9-foot channel. In the St. Paul district alone, tonnage shipped in and out of the district has risen more than 20 times, 2,000 percent. In 1935, only 185,000 tons had been shipped in and out. By the end of World War II (1945), the tonnage had risen almost 6 times, to 1,260,000 tons. By 1954 (my last figures) the tonnage had tripled again—in 9 years. In 1954, 3,900,000 tons passed through the district, which includes the harbors at St. Paul and Minneapolis.

The splendid harbor of St. Paul illustrates what proper harbor facilities can mean to a city. St. Paul receipts and shipments by water amounted only to 70,000 tons in 1935. By 1954 St. Paul tonnage alone had increased 27 times, to over 1,900,000 tons.

The Minneapolis terminal is another story. While Minneapolis began with approximately the same tonnage as St. Paul in 1935, the total tonnage passing through the limited Minneapolis facilities below the falls of St. Anthony amounted to 700,000 tons at its peak in 1946. Minneapolis today has about one-third the tonnage of the St. Paul harbor.

Minneapolis has indeed benefited by the 9-foot channel of the Mississippi. But it has lagged far behind other cities—and notably its sister city of St. Paul—in securing the benefits of low-cost water transportation.

What is wrong with the present Minneapolis barge terminal? Why has Minneapolis so significantly fallen behind other cities on the Mississippi in the use of that magnificent waterway? The answer is clear to anyone who stands on the Washington Avenue Bridge and looks down at the 16 acres of available space for landings and docks, for storage for railroad and truck terminal facilities, for the development of industrial plants to utilize direct water transportation. From the bridge one looks down on a scene of intense, confined activity. Sheer cliffs make access to the terminal difficult. There is just not enough room.

Minneapolis has recognized this limitation for many, many years. Even in the mid-thirties, far-sighted men and wome were already calling for a program to construct an adequate harbor above the Falls of St. Anthony. I recall vividly the intense interest in the St. Anthony Falls extension throughout Minneapolis when I was mayor of that wonderful city, right after World War II. Minnesotans of all areas recognized the economic benefits which would accrue to the entire State by making possible a great expansion of low-cost water transport to and from the great rail and truck center of Minneapolis.

As water transport across the Nation has proved its great worth in the past 20 years, the estimates of the increased tonnage—and therefore benefits to Minneapolis and Minnesota from the upper harbor—have risen correspondingly. Today it is estimated that the Upper Harbor would increase incoming shipments by water by 1,300,000 tons annually. It would increase outgoing tonnage by 810,000 tons. Compare this to the present tonnage—in and out—of the present Minneapolis terminal—averaging in the neighborhood of only half a million tons.

Increased tonnage figures, by themselves, do not excite wide public understanding. What they mean, however—to Minnesota shippers, manufacturers, utilities, farmers, consumers, and taxpayers—is lower costs.

For example, the city engineer of Minneapolis has estimated the saving to Minneapolis had the city been able to bring in by direct water transportation the rock,

asphalt cement and emulsion, road oil and fuel oil which were used in its street-building and repair activities in 1954. On streets alone, the saving to the taxpayers of Minneapolis would have amounted to $304,000.

Lower shipping costs from Minneapolis on grain, iron and steel scrap, concrete aggregate, and all types of packaged merchandise always mean higher net returns to Minnesota—more cash in Minnesota pockets.

Lower shipping costs to Minneapolis on coal, petroleum, sand and gravel, phosphate fertilizer for our farms, fabricated iron, steel, and many other commodities, always mean lower prices for the things Minnesotans buy. They mean expanding Minnesota markets for shippers up and down the Mississippi and Ohio rivers.

Lower shipping costs—and space to build industrial plants and receiving facilities adjacent to the water's edge—mean new industry for Minneapolis and Minnesota.

Let me expand on this point. Minnesota is going to grow—financially, industrially, in terms of population, in terms of income and standard of living. Minneapolis is already a great wholesale and financial center. It is already a great rail, and truck, and airline center. Its industrial growth has outstripped our transportation facilities. And without the additional ingredient of low-cost water transportation, the growth of industrial Minneapolis and of all Minnesota will be slower and smaller than our great potential.

Transportation is the very life of industry and commerce. Yet we as a people have consistently fallen behind the realities of our dynamic economy. We have shown a real limitation. We have planned our airports too small, the runways too short. We have built our roads too narrow, our ships too small, our river channels too shallow. We have built too few boxcars. We have consistently failed to see that we must build not for the next 2 or even 10 years, but for the next 50 years.

I believe in the upper harbor. I have fought for the construction of the upper harbor throughout my 10 years of public life and before. I have supported it through the period of rising costs—which have affected all construction, and all of our personal lives, incidentally. I have watched the progress of the construction of the lower lock and dam with great satisfaction and also with impatience. I want to see the great upper harbor of Minneapolis a reality.

Costs have gone up. Of course they have. The original cost estimates of the project have gone up along with them. But we have been courageous enough to have pressed ahead despite the rising costs, in the conviction that to stop would mean the loss of all that had gone before—millions of dollars of Federal funds and funds from the city of Minneapolis.

Today, part one of this project is on the point of completion. There is actually in existence the lower lock and dam which will make possible the move up to the upper lock and the dredging of a major harbor in the heart of Minneapolis.

More than $12 million has been invested in this lower lock and dam. Now we are ready to proceed with the completion of the harbor. The district engineer of the Corps of Engineers has made an exhaustive study of the costs and engineering problems. He has stated that the cost of the remaining work to be done amounts to $20,765,900. He has also reported that the annual transportation savings which can reasonably be anticipated from the channel extension are greater than the annual carrying charges on the cost of work yet to be undertaken to complete the project. He has recommended that we go ahead.

The division engineer has concurred. He has recommended completion of the project.

I respect the judgment of these engineers and I commend them for their clear exposition of the cost and engineering problems.

In the past several years, a point of view has been taken by some individuals that the St. Anthony Falls extension should be abandoned—or at least set aside indefinitely. This point of view holds that it would be better and less costly to shift operations to the Minnesota River.

I believe that a 9-foot channel in the Minnesota River would be of great value to Minneapolis and to Minnesota. The Minnesota River should become part of the great integrated water network of which the Mississippi is the trunk. I have supported the Minnesota River Channel. The district engineers have reported it to be economically feasible.

But the Minnesota River Channel is no substitute for the upper harbor on the Mississippi. It can supplement, but not replace, the upper harbor. The Minnesota River development is at the stage that the upper harbor was in the midthirties. But we should not drop one project, recommended by the Corps of Engineers, already authorized by the Congress of the United States after the most extensive and protracted studies and hearings, for which heavy appropriations have already been made—in favor of a new project which is still in the preliminary planning and survey stage.

I shall support the extension of the 9-foot channel in the Minnesota River, but it will require considerable time before ever a shovel is turned on that project.

Those who have suggested that construction on the upper harbor project be dropped apparently disregard the waste that would be involved in not bringing the entire extension to completion. Unless we have the upper lock, there would be no benefit to navigation whatsoever. Those who suggest the abandonment of the project at this point are asking us to send $12 million down the river. It is unthinkable that such an investment should be lost. But it is more fantastic to suggest that the tremendous benefits of low-cost transportation should be denied to Minneapolis by stopping in midstream.

Those who suggest halting construction on the upper harbor not only disregard the waste involved. I regret to say that they also exhibit very little faith in the future development of Minneapolis and of Minnesota, and very little vision as to what it could mean in terms of expanded use of our railroad and truck systems.

I should like to add that it would also be a breach of good faith on the part of the Federal Government to discontinue the work without bringing the project to fulfillment; the local contributions total nearly $3 million.

Others in this presentation today will bring forth additional facts and figures to demonstrate the real benefits which will derive for the completion of the upper harbor. I am familiar with those figures. I think that on the whole they are conservative, and I say this because similar calculations in the past when applied to previous river developments have fallen so strikingly short of the actual benefits which have accrued.

I urge, once again, that the board of engineers support the report of their district and division engineers so that the task of gaining the necessary congressional appropriations for the completion of the St. Anthony Falls extension may proceed with speed and dispatch.

In conclusion I wish everyone attending this meeting to know that I will support the St. Anthony Falls extension right down the line—through the necessary subcommittee and committee hearings and to the floor of the United States Senate if necessary. This project must go through. Minneapolis must be given the opportunity it has worked for so long and so vigorously.

ORDER FOR RECESS UNTIL MONDAY

Mr. CLEMENTS. Mr. President, I ask unanimous consent that when the Senate concludes its business today, it take a recess until Monday next at 12 o'clock noon.

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

TIME FOR A NEW METHOD OF ELECTING PRESIDENTS

Mr. DANIEL. Mr. President, it is high time that the Congress submit to the States and to the people a constitutional amendment providing for a new method of electing Presidents of the United States. There is now pending on the calendar Senate Joint Resolution 31, which would abolish the electoral college and divide the electoral vote in proportion to the popular vote in each State. I hope it will be scheduled for debate and action in February soon after we have completed work on the gas bill and on the farm bill.

The joint resolution is coauthored by Democrats and Republicans alike. It was introduced on behalf of myself, the Senator from Minnesota [Mr. HUMPHREY], the Senator from Wisconsin [Mr. WILEY], the Senator from Illinois [Mr. DIRKSEN], the Senators from Tennessee [Mr. KEFAUVER and Mr. GORE], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from Indiana [Mr. JENNER], the Senator from New York [Mr. IVES], the Senators from New Mexico [Mr. ANDERSON and Mr. CHAVEZ], the Senator from West Virginia [Mr. NEELY], the Senators from Montana [Mr. MURRAY and Mr. MANSFIELD], the Senators from Alabama [Mr. SPARKMAN and Mr. HILL], the Senator from Delaware [Mr. WILLIAMS], the Senator from Oregon [Mr. NEUBERGER], and the Senator from Virginia [Mr. BYRD].

Representative FRANCIS E. WALTER, of Pennsylvania, and Representative CHAUNCEY W. REED, of Illinois, have introduced the same resolution in the House today.

Without a doubt, the electoral-college method of electing the President is the most archaic and undemocratic feature of the United States Constitution. It was one of the few mistakes made by the Founding Fathers—a mistake they made because they thought the people could not be trusted to select the President and Vice President.

As originally intended, the States were to select well-informed public men as electors, and they were to meet and select a President and Vice President without reference to popular vote or any other method of expression from the people. The original form has been retained in the solemn words of the Constitution, although for more than a century it has had no practical use.

In fact, the electoral college system has never functioned as contemplated

by the framers of the Constitution. For many years the electors have been mere figureheads casting their votes for the candidate who received the majority of the popular vote in their respective States. These votes could just as well be reported and counted without the intervention of dummy officers known as presidential electors.

All reason for the electoral college has long since disappeared, and the form should be removed from our Constitution before it rises to haunt us by flouting the will of the people in selecting a President. As long as the form remains in the Constitution, it is possible for electors to cast their independent votes contrary to the expressed will of their constituents, and this, in fact, has been done in more than one instance.

The practice which has been substituted for the constitutional form is just as evil and undemocratic. I refer to the custom which is generally understood and followed—that all electoral votes of each State will be cast for the candidate who receives a plurality of the popular vote within that State. In effect this disfranchises millions of American voters. Their votes for a candidate for President are not counted in the electoral vote unless their candidate received a majority of the popular vote in their State.

For instance, if a candidate receives a 1-vote plurality in the State of New York, he now receives 100 percent of the electoral votes of New York, and the candidate receiving only one less vote at the polls receives none of the New York electoral vote. Is it any wonder that overemphasis is given to political machines and pressure groups which can make the slight difference in the pivotal States?

The proposed amendment would abolish the electoral college and provide for the division of the total electoral vote of each State in an exact ratio with the popular vote. This would mean that every person's vote would be counted as it was cast. It is the nearest possible approach to electing a President by direct popular vote of the people, and at the same time retaining and preserving the present proportional strength of each State in the election of a President.

Although referred to now as the Daniel amendment, this proposed resolution is worded exactly the same as the so-called Gossett-Lodge resolution which was passed by the Senate February 1, 1950, by a vote of 64 to 27—volume 96, part 1, CONGRESSIONAL RECORD, page 1278, 81st Congress, 2d session. We agreed upon the same language because it has been studied thoroughly and approved by the Judiciary Committees of both the House and Senate in previous sessions of Congress. Briefly, the resolution would accomplish the following:

First. Abolish the fictitious electoral college.

Second. Abolish the office of presidential elector.

Third. Provide for direct voting for President and Vice President.

Fourth. Retain the electoral voting strength of each State as at present—one vote for each Member of Congress—but provide that such electoral vote be divided in exact ratio with the popular vote.

Fifth. Provide that the winning candidate must receive at least 40 percent of the electoral vote, failing in which the Congress would select the President from the candidates having the two highest numbers of electoral votes. This was the so-called Lucas amendment adopted in the Senate in 1950 in order to prevent splinter parties.

Mr. President, in due time it is my intention to speak at length concerning the evils of the present electoral-college system and the benefits to be obtained from the proposed reform. For the present, I shall simply summarize a few of the benefits, as follows:

First. We will cleanse our Constitution of an archaic provision which we have failed to obey and defend for more than a century.

Second. We will have democratic elections, with every person's vote counting for the candidate for whom it was cast.

Third. There will be less opportunity for fraud and pressure-group action.

Fourth. Sectionalism will be largely abated. A vote in every State will be just as important and count just as much as a vote in the present pivotal States. This is not the case now. With certain exceptions in 1952, the emphasis usually is on 8 or 10 pivotal States and the remaining States enjoy very little of the campaign and are usually ignored as sources of presidential candidates.

Mr. President, I ask unanimous consent that the text of Senate Joint Resolution 31 be printed in the body of the RECORD at this point.

There being no objection, Senate Joint Resolution 31 was ordered to be printed in the RECORD, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That an amendment is hereby proposed to the Constitution of the United States which shall be valid to all intents and purposes as part of the Constitution when ratified by three-fourths of the legislatures of the several States. Said amendment shall be as follows:

ARTICLE II

"SECTION 1. The executive power shall be vested in a President of the United States of America. He shall hold his office during the term of 4 years, and together with the Vice President, chosen for the same term, be elected as provided in this Constitution.

"The electoral college system of electing the President and Vice President of the United States is hereby abolished. The President and Vice President shall be elected by the people of the several States. The electors in each State shall have the qualifications requisite for electors of the most numerous branch of the State legislature. Congress shall determine the time of such election, which shall be the same throughout the United States. Until otherwise determined by the Congress, such election shall be held on the Tuesday next after the first Monday in November of the year preceding the year in which the regular term of the President is to begin. Each State shall be entitled to a number of electoral votes equal to the whole number of Senators and Representatives to which such State may be entitled in the Congress.

"Within 45 days after such election, or at such time as the Congress shall direct, the official custodian of the election returns of each State shall make distinct lists of all persons for whom votes were cast for President and the number of votes for each, and the total vote of the electors of the State for all persons for President, which lists he shall sign and certify and transmit sealed to the seat of the Government of the United States, directed to the President of the Senate. On the 6th day of January following the election, unless the Congress by law appoints a different day not earlier than the 4th day of January and not later than the 10th day of January, the President of the Senate shall in the presence of the Senate and House of Representatives open all certificates and the votes shall then be counted. Each person for whom votes were cast for President in each State shall be credited with such proportion of the electoral votes thereof as he received of the total vote of the electors therein for President. In making the computations, fractional numbers less than one one-thousandth shall be disregarded. The person having the greatest number of electoral votes for President shall be President, if such number be at least 40 percent of the whole number of such electoral votes. If no person have at least 40 percent of the whole number of electoral votes, then from the persons having the two highest numbers of electoral votes for President the Senate and the House of Representatives sitting in joint session shall choose immediately, by ballot, the President. A majority of the votes of the combined authorized membership of the Senate and the House of Representatives shall be necessary for a choice.

"The Vice President shall be likewise elected, at the same time and in the same manner and subject to the same provisions, as the President, but no person constitutionally ineligible for the office of President shall be eligible to that of Vice President of the United States.

"The Congress may by law provide for the case of the death of any of the persons from whom the Senate and the House of Representatives may choose a President whenever the right of choice shall have devolved upon them, and for the case of the death of any of the persons from whom the Senate and the House of Representatives may choose a Vice President whenever the right of choice shall have devolved upon them.

"SEC. 2. Paragraphs 1, 2, and 3 of section 1, article II, of the Constitution, the 12th article of amendment to the Constitution, and section 4 of the 20th article of amendment to the Constitution, are hereby repealed.

"SEC. 3. This article shall take effect on the 10th day of February following its ratification.

"SEC. 4. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the States within 7 years from the date of its submission to the States by the Congress."

RECESS TO MONDAY

Mr. DANIEL. Mr. President, in accordance with the order previously entered, I move that the Senate stand in recess until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 6 o'clock and 34 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until Monday, January 30, 1956, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate January 27 (legislative day of January 16), 1956:

NATIONAL SCIENCE BOARD, NATIONAL SCIENCE FOUNDATION

T. Keith Glennan, of Ohio, to be a member of the National Science Board, National Science Foundation, for the remainder of the term expiring May 10, 1958, vice Chester I. Barnard.

CONFIRMATIONS

Executive nominations confirmed by the Senate January 27 (legislative day of January 16), 1956:

ATOMIC ENERGY COMMISSION

Harold S. Vance, of Indiana, to be a member of the Atomic Energy Commission for the term expiring June 30, 1960.

DEPARTMENT OF AGRICULTURE

Marvin Leland McLain, of Iowa, to be an Assistant Secretary of Agriculture.

COMMODITY CREDIT CORPORATION

Marvin Leland McLain, of Iowa, to be a member of the Board of Directors of the Commodity Credit Corporation.

EXPORT-IMPORT BANK OF WASHINGTON

Samuel C. Waugh, of Nebraska, to be President of the Export-Import Bank of Washington.

EXTENSIONS OF REMARKS

Address by Hon. Alexander Wiley, of Wisconsin, on "Brink of War" Controversy

EXTENSION OF REMARKS

OF

HON. ALEXANDER WILEY

OF WISCONSIN

IN THE SENATE OF THE UNITED STATES

Friday, January 27, 1956

Mr. WILEY. Mr. President, last evening it was my pleasure to address the safe deposit section of the District of Columbia Bankers' Association. My subject was the so-called "brink of war" controversy.

I send to the desk the text of my address, and ask unanimous consent that it be printed in the CONGRESSIONAL RECORD.

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

SENATOR WILEY URGES END OF "BRINK OF WAR" SQUABBLE, SAYS WE MUST GET ON TO MORE SUBSTANTIAL REVIEW OF OUR PROGRAMS AHEAD

I am pleased to address the members of this section on a subject which I know is of deep interest to you, as it is, of course, to all other thinking Americans.

I refer, of course, to the foreign policy of our country.

It will be my aim tonight to confine my remarks to but a few of the more basic problems confronting us.

THE MANY CRISIS AREAS ON THE WORLD SCENE

If time were to permit, it would be a pleasure for me to take a detailed view of some of the more crucial individual settings on the world stage.

One could devote an entire evening just to exploring such highly significant areas of crises, as those I will mention now:

North Africa, scene of continued serious tension and disturbances, as Morocco and Algeria move toward more self-government; North Africa, where our own strategic air bases represent a vital deterrent against world war III;

The ever-ominous Taiwan (Formosa) Strait area, where recent Red artillery bombardment, air and naval action, may indicate the possibility of the reemergence of the Formosa-Pescadores, Quemoy-Matsu problem to the No. 1 position of crisis on the world scene;

Troubled India, where civil strife over the states' reorganization has offered another example of treacherous Red meddling in disturbed waters;

The powder keg Middle East, where hands are still close to triggers on both sides of the Arab-Israeli borders, while arms shipments pour in from Soviet bloc and other areas;

Our ally, France, where the Communists are cunningly maneuvering to capitalize on their 152-vote bloc so to form a so-called popular-front government in the badly splintered National Assembly;

Indonesia, where the Communists are also maneuvering to exploit differences within and between Moslem parties' ranks and thereby get a Red toehold in a new coalition cabinet;

South America, which, while fortunately not in crisis, per se, is studying the significant trade bait, dangled by Soviet Premier Bulganin; this is the latest instance of Red peaceful-coexistence strategy—penetration through "rubles now, revolution later."

PROBLEMS BEFORE CONGRESS

Or, getting still closer to home, one could review in detail the policy problems in the Congress, regarding mutual security legislation, key questions such as: "Should Congress write in a long-range declaration of intent, as regards future aid, or should it attempt the more unprecedented step of a direct, long-range commitment, as such, or should it cut out economic aid entirely, or what it should do?"

Or, too, one could refer to the proposed welcome increase in the appropriations for the United States Information Agency—an issue on which the President of the United States feels very strongly—an issue on which I personally feel very keenly, too, for USIA is our principal instrument in the worldwide battle for men's minds and, as such, the move to strengthen it is long overdue. USIA has had its ups and downs. Time after time, it has been pulled up from the roots, examined, investigated, cut, and then thrust back into the earth, as if it could quickly take hold once again, in its worldwide operations for the truth.

And one could refer to dozens of other specific problems as well.

WHY THESE PROBLEMS CONCERN US

Now, of course, I know that passing through your minds, as I have mentioned this brief list, may have been the question, "Senator WILEY, why should we be concerned with all these far-distant places? What business is it of ours if two far-off countries are quarreling over some bit of territory, say, the Saar, or Dutch New Guinea, or Kashmir, or if there are civil disturbances in some land?"

The answer is, I feel, very clear. The answer is that any situation which endangers the peace of any part of the world, may endanger the peace of the whole world.

There is no part of the world today so far distant from any other part as to be of no interest to us, and to other men of good will.

You and I read every day in our newspapers that the world has been shrunken by men's inventiveness. General Taylor has told how we have been developing a guided missile with a 200-mile range. Both the U. S. S. R. and ourselves have been pushing forward to develop the dreaded intercontinental missile, a ballistic—free—missile, or a guided missile controlled by electronic means.

Meanwhile, planes have been piercing the barrier of sound at better than 1,000 miles an hour. Jet planes are being introduced as well into commercial aviation, shrinking the oceans and land distances, still further.

All of these, and a hundred other factors in today's world, necessitate our close attention to once remote developments in the world scene.

BANKERS CONSERVE, WARS DESTROY LIFE

It is natural that you, in particular, as bankers, should be interested in this subject, because it is the banker's obligation to conserve. He is, of course, a trustee of other peoples' funds—funds which represent not only their life's resources, but their very lives themselves.

Nothing could be more contrary to the idea of conservation than war.

The 140,000 United States lives which we expended—in deaths and wounds in Korea—the $22 billion which were exploded on that peninsula on behalf of the defense of a free people—these are but the smallest symbols of infinitely worse costs which would be borne in the event of a third world war.

THE BASIC QUESTION BEFORE US

We come now, then, to the basic question of the evening: "Are we on the right path? Are we moving in the right direction toward heading off such a war?"

Has the foreign policy of your country and mine been a sound one, or has it, as some of its critics contend, been full of blunders?

Have we needlessly pushed to the brink of war, as some people falsely interpret and unsoundly contend?

The answer is as follows:

OUR COURSE IS SOUND

The basic foreign policy of our land is sound. It is sound because it has been molded and reviewed and refined by the best minds, the best hearts, the best capacities available to our Republic. Not just Republican leadership, but Democratic leadership as well, have contributed to every single major step which we have taken in recent years.

Under the great leadership of President Eisenhower and Secretary of State John Foster Dulles, we have basically moved not toward war, but toward an endurable and just peace.

Of course, we have been in danger. Of course, we have been at the edge of war at times.

But we have never been pushed to the edge by the design of any American.

On those occasions when we have been admittedly close to war, it has not been because of any American's foolhardy desire to get close to it. Rather, we have been pushed to the edge because of the reckless, aggres-